

*Entrepreneurial competencies in the  
Norwegian start-up environment*

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## Preface

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Enjoy the reading!

Kristiansand, May 2022

Daniel Aleksander Megård & Eskil Langkås

# Abstract

In this thesis, we have investigated whether Norwegian Entrepreneurs can contribute to achieving NHO's goal of 300,000 new private jobs by 2030. We have also aimed to investigate whether there are gaps in the core competencies that make it only 26.7% of the businesses that survive the first five years. We have used strategy and management literature as a theoretical framework and what connection this has to entrepreneurial theory. We have shaped the following hypotheses and research questions based on the literature review:

H1: Norwegian founders have an independence motive toward entrepreneurship,

H2: Norwegian founders do not rely on social security when establishing a start-up,

RQ1: Do Norwegian founders underestimate continuous market insight?

RQ2: Do Norwegian founders realize the importance of experience?

To get the most valid results possible, we used a mixed method. Starting with a qualitative method, interview, followed by a quantitative method, questionnaire. The Gioia method was applied to analyze the qualitative data, and the results formed the basis for preparing the questionnaire. The analysis of the quantitative data was done in SPSS.

The findings are as follows: H1 is positive, meaning Norwegian founders have an independence motive towards entrepreneurship. H2 is negative; Norwegian founders do not rely on social security when establishing a start-up. In RQ1, we found that Norwegian entrepreneurs lack continuous market insight. While in RQ2, we found that Norwegian founders realize the importance of experience.

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# 1. Introduction

According to Næringslivets Hovedorganisasjon, there will be far too few jobs concerning the need in 2030, hereafter NHO (2020). NHO (2020) believes that we need 250,000 new private jobs, but this development is far too slow. At the same time, according to Statistisk sentralbyrå (2021), only 26.7% of all companies survive the first five years. Almost 3 out of 4 close down operations or go bankrupt. These are potential lost jobs and many taxes and fees that could benefit the community.

The entrepreneurial world is constantly changing, and traditional practices are not necessarily suitable for everyone. "One size does not fit all." The entrepreneur's responsibility is to find out the "best practice" for their company. We also know that good conditions exist for starting a business in Norway. For example, there are support schemes such as unemployment benefits that you can get in the first year of establishment and an entrepreneurship solution (Altinn, 2021). Furthermore, if you have a business idea that satisfies the requirements for innovation height, you can apply for an establishment grant of NOK 100 000 and market clarification from Innovation Norway (Innovasjon Norge, 2021). Innovation Norway is the Norwegian government's most important instrument for Norwegian enterprises and industry innovation and development. These are the most common ways to apply for support in a start-up phase. However, as the company grows, it will be qualified to apply for more and larger support schemes.

From previous research, nothing similar has been done about entrepreneurial competence in the Norwegian Start-up environment. There are some case studies and qualitative studies. Unlike them, we want a broader understanding of procedures and pitfalls. What competencies are there, and where does it matter? There are a lot of theories surrounding entrepreneurship in strategy- and management literature. That fact inspires the theoretical framework of this thesis. If our thesis can help increase Norwegian entrepreneurs' basic level of competence, can it positively affect the percentage that succeeds after five years?

We want to learn more about the ordinary entrepreneur in Norway. What methods and tools do they use to work smarter? Have they applied for various support schemes? What are the

biggest pitfalls? Most importantly, what kind of competencies do they rank the highest as they are striving for success?

In order to explore the entrepreneurial competencies in the Norwegian start-up environment, we first need to figure out what kind of underlying motivation the Norwegian entrepreneurs have for establishing a start-up. Based on the research from Shane et al. (2003) and Hessels et al. (2008), entrepreneurial motivation plays a crucial role in decisions and levels of ambition. Also, Hessels et al. (2008) suggest that an Independence-motive is the most common in rich countries. Resulting in our first hypothesis: "Norwegian founders have an independence-motive towards entrepreneurship".

We also need to understand whether Norwegian entrepreneurs depend on the support schemes offered to those who wish to start a business in Norway. Hessels et al. (2008) find a negative relationship between social security and entrepreneurship. If social security systems are great, start-ups tend to be less oriented toward innovation, job creation, and export growth. Resulting in our second hypothesis: "Norwegian founders rely on social security when establishing a start-up".

Entrepreneurial competence is a particular group of competencies relevant to successful entrepreneurship. Such entrepreneurship is often associated with the development of small and new businesses. We, therefore, want to find out what competencies Norwegian entrepreneurs rank as the most important and how they maintain this capability. Based on the research of Mitchelmore & Rowley (2010), Man et al. (2002) and Hashim et al. (2018), we formed the following research question: "Do Norwegian founders underestimate the importance of continuous market insight"?

Given that 73,3% of the businesses either go bankrupt, shut down or cease to exist during the first five years. We want to explore the importance of experience, and based on extant literature, entrepreneurs with more founding experience are more likely to be successful when launching a venture (Lamont, 1972; Starr & Bygrave, 1992; Vesper, 1980; Wright et al., 1998). Resulting in our second research question: "Do Norwegian founders realize the importance of experience"?

We intend to conduct a "mixed method" approach, a qualitative method followed by a quantitative method. It starts by interviewing eight start-up companies that have received start-up support from Innovation Norway. Gaining insight into how they work strategically and acquiring knowledge. Afterwards, we will use the new insight to create a questionnaire and test the results on a larger group. There is extensive literature surrounding key topics like; entrepreneurial motivation, competencies, capabilities, and start-ups. However, there is not much previous research targeting the Norwegian entrepreneur, and there are gaps in the literature exploring how previous transferable research is to this specific group.

This thesis gives more insight into the issues that NHO and Norwegian entrepreneurs face in the next decade. Furthermore, our findings will contribute as a source of information to new and experienced entrepreneurs, hoping to increase the number of "surviving" firms.

## **2. Literature**

This section goes through the relevant theory that will help answer our problems. We have divided the section into ten subchapters to explain the various relevant topics. The theory is linked to the strategy and management literature, in which entrepreneurship literature is rooted in both. We start by uncovering and limiting what we put into the themes "Start-up businesses," "Entrepreneur," "Entrepreneurial teams," and "Experience from start-ups." Furthermore, we move into strategy and management literature and address critical topics within "competencies" and "capabilities." Finally, we visit entrepreneurship literature to explain "Entrepreneurial motivation" and get an overview of possible pitfalls and success factors in business. Throughout this literature, we will choose predetermined definitions that reflect the general opinion and what we want to seek more knowledge about. Then, we will further adapt these predetermined definitions into our analysis to help us answer the hypothesis and research questions.

### **2.1 Start-up businesses**

Blank and Dorf (2020) have defined a Start-up as: "A start-up is a temporary organization in search of a scalable, repeatable, profitable business model" (Blank & Dorf, 2020, p.5). This is a definition that is representative also in the Norwegian start-up environment. A Start-Up is a phase that most newly started companies have to go through. In this phase, the focus is to find their way to become a successful company. Graham (2012) mentioned that the main target is



to grow fast. They have to set strategies, find their place in the market, and stand out from competitors.

Kim et al. (2018) state that start-ups are the starting point of a business and the driving force to pass the difficult period from three to five years called the "death valley". There is much insightful research surrounding the topics of start-ups and new ventures. Forbes (1999) defines new ventures as a process of forming a new business or organization. Throughout this thesis, we will combine these concepts as these concepts have a strong link.

### **2.1.1 Experience from start-ups**

Having experience means that you have been doing or doing something in a specific field. For example, if you have been at a Start-up company, you have experience with this kind of work (Hägg & Kurczewska, 2021). Experience can be both helpful and harmful. It depends on how it is used. Rerup C. (2005) defined "helpful experience" as uncovering unique perspectives, bouncing back and responding to unexpected events, and reducing blind spots.

Entrepreneurial experience is measured by the number of experiences an entrepreneur has with tasks for starting a firm (Delmar & Shane, 2006; Stuart & Abetti, 1990). According to the extant literature, entrepreneurs with more founding experience are more likely to be successful when launching a venture (Lamont, 1972; Starr & Bygrave, 1992; Vesper, 1980; Wright et al., 1998). This literature will be analyzed closer since one of the thesis's purposes is to improve the success rate of Norwegian start-ups. A reason why founding experience is so important is that entrepreneurs are more likely to learn from past experiences (Politis, 2005).

## **2.2 Entrepreneur**

An entrepreneur is a self-employed person. This person starts, organizes, manages, and takes responsibility for the business (Campbell, 1992). A working definition for founders is that they set up or establish (Nelson, 2003). Since these two concepts have a strong relationship, we will use research on both of these terms throughout this thesis. Being an entrepreneur is a choice from a typical day-to-day job; it could offer more freedom and possibilities. However, there are also more risks. Failure, frustration, uncertainty, and financial risk are associated with being an entrepreneur (Campbell, 1992). Nevertheless, Praag and Cramer (2001) have found out that people would become entrepreneurs if the chance were worth it. If the expected rewards surpass the wages, they would have earned if they worked as expected. The world

economy depends on entrepreneurs to create jobs (KritiKoS, 2014), which is why NHO looks to Norwegian entrepreneurs to help them reach their goals.

### **2.2.1 Entrepreneurial teams**

Harper (2008) explains entrepreneurial teams as a vital force to success. The team can differ in size and how the hierarchy and authority are. The team itself is seen as "The superior entrepreneurial startup concept" as they are a significant catalyst for new venture creation (Lechler, 2001, p.263). Schjoedt and Kraus (2009) imply that tasks in the team should all contribute to the common goals and the venture's future success. Multiple studies assert that ventures founded by entrepreneurial teams have a higher chance of surviving and achieving faster growth than ventures started by individual entrepreneurs (Bird, 1989; Bruno & Cooper, 1977; Eisenhardt & Schoonhoven, 1990). It is, therefore, interesting for us to explore how Norwegian founders choose to build their teams and how they exploit their strengths and competencies.

### **2.2.2 Entrepreneurial motivation**

Murnieks et al. (2020) describe motivation as a cornerstone of the entrepreneurial process. Their review concluded that entrepreneurial motivation drives necessary actions related to venture initiation, growth, and exit. Therefore, to explore how Norwegian entrepreneurs could contribute to job creation, we would have to look into entrepreneurial motivation. Shane et al. (2003) found several motivational factors for becoming an entrepreneur. These were:

Need for achievement, people who want a high level of individual responsibility for outcomes that require individual skill and effort, have a modest degree of risk, and have feedback on performance. The need for achievement was concluded as a clear indicator of entrepreneurial activity (Shane et al., 2003).

Tolerance of ambiguity is a trait to seeing situations without clear outcomes as attractive rather than threatening. Entrepreneurs face more uncertainty in their everyday lives than managers in established companies (Shane et al., 2003).

Self-efficacy is the individual's belief in assembling and implementing the required resources, capabilities, and competencies to realize success on a given task (Shane et al., 2003). For

example, Locke et al. (1984) found that self-efficacy strongly predicts goal choice and future performance.

Realistic goal setting is related to the company's consistent outcomes, both concurrently and longitudinally (Shane et al., 2003). Locke et al. (1984) support this view, and an individual's ability to reach goals through self-efficacy makes it easier to set realistic goals. The importance of clear goals is also highlighted by Carsrud & Brännback (2011), the more abstract the goal, the less likely it is to be acted upon.

Independence is taking responsibility and trusting one's judgment instead of following others and becoming a boss (Shane et al., 2003). Hessels et al. (2008) found that entrepreneurs with an independence motive were more likely to be happy just doing what they wanted and not working for others. Entrepreneurs starting companies out of necessity or with an independent motive were not likely to have high ambitions and consequently not contribute to their country's innovation, job creation, and economic growth.

Drive, Shane et al. (2003) found four aspects of drive: ambition, goals, energy and stamina, and persistence. Ambition fuels the entrepreneur to search for something great, meaningful, and significant. The core of the entrepreneurial ambition may include making money or creating something new from the ground up. Hessels et al. (2008) found that entrepreneurs with increasing wealth as the primary motive of becoming entrepreneurs would focus on job growth and export.

Egoistic passion, they love what they do. For example, entrepreneurs love developing an organization and making a profit. Therefore, they are motivated to do what is in their interest and are willing to do everything necessary (Shane et al., 2003). This opinion correlates to Hessels et al. (2008) point of the independence motive.

An issue that Hessels et al. (2008) address are that in rich countries, the independence motive is the most popular among founders. On the other hand, the necessity-and-increasing wealth motive is not as desired in high-income countries because of social security. Previous empirical studies (Henrekson, 2005; Hessels et al., 2006; Wennekers et al., 2005) focus on the relationship between social security and the supply of entrepreneurship. The findings suggest a negative relationship between social security and entrepreneurship. If social security

systems are good, startups tend to be less oriented toward innovation, job creation, and export growth.

### **2.2.3 Disciplined Entrepreneurship**

Based on the work of Aulet (2013), we see it necessary to explore the Norwegian entrepreneurs' focus on market insight. Bill Aulet (2013) introduced a process called "Disciplined Entrepreneurship,". It is a systematic and step-by-step approach to building businesses. This guide might provide structure and help break down the process into more comprehensive parts (Aulet, 2013, p.13). The main goal of disciplined entrepreneurship is to limit the risk by identifying and addressing business areas that the entrepreneur can control. A large part of the process is customer-related and divided into the sub-categories; "Who is your customer?" "What can you do for your customer?" and "How does your customer acquire your product?". These questions form the foundation of the venture, market insight.

You cannot expect to get in-depth and good answers if you do not map the need. Aulet (2013) suggests that new businesses come from an idea, new technology, or passion. The difference between disciplined entrepreneurship and lean startup (Ries, 2011) comes into play. The lean startup gets the entrepreneurs to start making a business model based on an idea, new tech, or passion. While disciplined entrepreneurship makes the entrepreneur take a step back and start figuring out who the potential customer is, what the business provides for the customer and how the customer can get the product.

## **2.3 The Lean Start-Up**

The Lean Start-up methodology was first introduced by Ries (2011) and further explained by Eisenmann et al. (2012) as a hypothesis approach to validating business opportunities. The process involves creating a business model, testing the business case many times with versions that are not so expensive to produce (Minimum viable products, MVP), and involving features that make it possible to validate the concept. Finally, based on feedback on MVP, the company can give the entrepreneur three choices: Continue with the chosen business model, make changes by making a "pivot," or close the business. The lean startup's main take is that it all starts with a business plan.

This approach forces the entrepreneurs to be more involved with the customer in every step of the development of the business, providing valuable insight and a customer-based development of the product or service. The lean startup could serve as a speedway to market, given that the hypotheses are correct and if the entrepreneur makes the right choices. However, this approach might demand many resources if the hypotheses are incorrect and the feedback does not lead anywhere.

## **2.4 Capabilities**

Capabilities are essential for any business. However, it is more important for start-ups to exploit their capabilities and resources as best as possible because they usually have less room for error. Johnson (2020, p.96) describes capabilities as something we do with what we have. Resources and capabilities are correlated because resources are vital in an organization, but how the organization employs and deploys its resources matters as much. While Winter (2003) defines organizational capability as a higher-level routine or group of routines that, when combined with the implementing input streams, produce a set of decision points for the organization's management to create essential outputs of a specific type.

The relationship between resources and capabilities and what we have and what we do can be divided into three categories: Physical, Financial, and Human. Furthermore, human capabilities are how people gain and use experience, skills, and knowledge, build relationships, motivate each other, and innovate (Johnson, 2020, p.96). Tidd and Bessant (2020, p.99) believe that capabilities are developed over time and are a learning process. They believe that the key is to evaluate and reflect upon the capabilities and develop the organization so that the response will be ready if a challenge should occur.

### **2.4.1 Dynamic capabilities**

The threshold capabilities that allow the company to enter the market are in danger of being outdated or imitated by the competitors; therefore, companies need to develop dynamic capabilities that can handle change in the market and allow the company to stay relevant in the future (Johnson, 2020, p.116). Dynamic capabilities are important for us because we have to see if Norwegian startups have the ability to maintain or create a competitive advantage.

Dynamic capability is a framework that helps firms analyze the sources and methods of creating and capturing wealth by firms operating in turbulent business environments. It is how a firm utilizes its internal and external competencies to increase the firm performance (Teece et al., 1997). An organization has a dynamic capability to incorporate, build and redefine its internal and external capabilities in response to its changing environment (Hashim et al., 2018). Johnson (2020, p.116) describes dynamic capabilities as an organization's ability to renew and recreate its resources and capabilities to meet the demands of changing environments.

David Teece (2018) has suggested three different types of generic dynamic capabilities: sensing, seizing, and transforming. Johnson (2020, p.117) explains that sensing involves that the organization continually needs to scan, search, and explore opportunities. Seizing means that the organization must act if the opportunity presents itself. Reconfiguring may require the organization to change the capabilities and resources, shifting the focus and directing the capabilities toward new opportunities.

Tidd and Bessant (2020, p.573) suggest that the organization depends on two dimensions of learning to build dynamic capabilities. First, it is the addition of new knowledge and how it matches the organization's pool of knowledge. Second is the knowledge surrounding the innovation process of the organization. How the process can be managed, and the organization's routines to plan and execute the action as in McGuinness and Morgan (2005). In a rapidly changing environment, existing capabilities can be obsolete in a short time (Mehra & Coleman, 2016). Therefore, adding new elements, reinforcing existing ones, and letting go of older ones that no longer add value, is the essence of dynamic capability. This work makes the company more compatible and adaptive to new trends (Setiawan et al., 2019).

## **2.5 Competencies**

A lot of literature surrounding competencies and core competencies is inspired by the work of Prahalad and Hamel. The source of new business development is core competencies. Therefore, at a corporate level, the core competencies should decide the strategy's focus (Prahalad & Hamel, 1990). Competencies as the source of new business development are why we have chosen to have them as a foundation for this thesis.

### **2.5.1 Competence**

Competence can be interpreted in several ways. First, it can be understood as something one has or gets. The most common way to define competence is certain qualities one acquires by going to school, working, or training. Although competence is characterized in a variety of ways in the literature, «skills, » «knowledge, » «expertise, » and «insight» are all terms that often refer to the same thing, making it difficult to distinguish between them (Mitchelmore & Rowley, 2010).

Man et al. (2002) state that competency can be studied from inputs, processes, or outcomes. However, they do not believe that an entrepreneur's competencies make them more competent. Instead, competencies can only be utilized by the entrepreneur's actions. They also believe that competencies are changeable and learnable, allowing intervention in the selection and teaching of entrepreneurship.

Coombs (1996) defines competencies as areas of expertise and the organizational capacity to utilize the knowledge in the best way possible. In more recent work, Edwards-Schachter et al. (2015) distinguish between competences and competencies. Competences are the capacity to act, and competencies are more specific towards standards, e.g., superior performance in a job. For this thesis, we will use the definition of Man et al. (2002), that competencies are changeable and learnable, allowing intervention in the selection and teaching of entrepreneurship.

### **2.5.2 Entrepreneurial competencies**

Entrepreneurial competence is a group of competencies often associated with developing small and new businesses. However, some believe that entrepreneurial competence is only required to establish a business and that managerial competence is required to expand and scale it, even though competence in entrepreneurship is required in both domains (Mitchelmore & Rowley, 2010).

Mitchelmore and Rowley (2010) developed an entrepreneurial competency framework. The following competencies were entrepreneurial; Identifying and defining a viable market niche, developing products or services appropriate to the firm's chosen market niche/ product

innovation, idea generation, environmental scanning, recognising and visualizing how to gain from opportunities and planning strategies for taking advantage of opportunities.

Man et al. (2002) divided competencies into six different areas, of which each area contained groups of behavioural attributes needed as an entrepreneur. These areas were; Opportunity competencies, relationship competencies, conceptual competencies, organizing competencies, strategic competencies and commitment competencies. The behavioural attributes in these areas were just the same as in Mitchelmore and Rowley's literature review (2010). However, commitment competencies are another dimension, and it is vital; Competencies that drive the entrepreneur to move ahead with the business.

González-López et al. (2021) found that entrepreneurial competencies relating to commitment, planning, and organization directly influence entrepreneurial behaviour. Moreover, they urge that every area of competencies enhances the relationship between intention and development activities.

Hashim et al. (2018) believe that entrepreneurial competencies and dynamic capabilities are the best solutions. In turbulent and unstable markets, dynamic capabilities are considered an essential element to impact the performance of small firms. They conclude that entrepreneurial competencies and the firm performance had a strong link and that entrepreneurial competencies are vital resources that could be considered a sustainable competitive advantage.

### **2.5.3 Managerial competencies**

Although entrepreneurial competencies are vital in starting a business, the entrepreneur depends on some managerial competencies to grow the company further. Mitchelmore and Rowley (2010) highlighted the following managerial competencies: Acquisition and development of resources required to operate the firm, business operational skills, managerial experience, familiarity with the industry, financial and budgeting skills, management style, marketing skills, ability to implement a strategy, knowledge of the market, goal-setting skills, and management skills.

Martin and Staines (1994) found that managerial competencies were best defined as a "craft" that was best developed while working on "the floor" rather than a set of ideas and skills that



could be taught elsewhere. Problem finding and opportunity finding were more critical than problem-solving and analytical skills. Respondents in their study also emphasized the importance of achieving objectives, leadership and motivational skills, and achievement orientation.

## **2.6 Success in business**

For measuring success, it is essential to understand what success means. What should the business achieve, whom the company wants to attract, and what does the business want to accomplish. The goal of companies may be to sell, promote, provide or educate the customers (Schonberg et al., 2000). Therefore, business success could be related to the entrepreneur's motivation and is relevant for this thesis.

While entrepreneurial success can be defined differently, one way to define entrepreneurial success is through tangible elements. The tangible elements could be revenue or growth, profitability, sustainability, or personal wealth creation (Perren, 1999; Perren, 2000). Another way is relating success through continued trading (Dafna, 2008; Watson et al., 1998). Dafna (2008) and Watson et al. (1998) supported the notion that a successful business is a venture that has been continually operating for three years. There is also a relation between entrepreneurial success and human capital. The intangible elements are applied experience, skills, knowledge, and education that benefit the business (Iversen et al., 2016).

## **2.7 Failure in business**

Landier (2005) mentions that the idea of failure can enhance entrepreneurial skills. This idea tends to make experiments more efficient. However, it could also limit executing the ideas because of the stigma of failure. The stigma of failure affects all kinds of decisions. The entrepreneurs choose the projects that are less likely to fail than projects that are more likely to be more successful (Landier, 2005).

*"The statistics are disheartening no matter how an entrepreneur defines failure. If failure means liquidating all assets, with investors losing most or all the money they put into the company, then the failure rate for startups is 30 to 40 percent. If failure refers to failing to see the projected return on investment, then the failure rate is 70 to 80 percent. Furthermore, if failure is defined as declaring a projection and then falling short of meeting it, the failure rate is a whopping 90 to 95 percent."*

*- S. Ghosh in Nobel, 2011*

If we consider the statistics from (Nobel, 2011), is there not surprising that development in entrepreneurship, as mentioned in Landier (2005), has shifted from neglecting failure to embracing failure as a fundamental part of the entrepreneurial process (Olaison & Sørensen, 2014). Failure in business is related to experience and the entrepreneur's motivation and is relevant for this thesis. Tidd and Bessant (2020, p.577) highlight failure's importance, saying that no organization starts with a complete solution. Instead, we learn and adapt our approach, building capability through trial and error, gradually improving our competencies as we find what works.

### **3. Hypotheses and research questions**

After the initial literature review, we gathered enough findings to form these hypotheses:

*H1: Norwegian founders have an independence-motive toward entrepreneurship*

According to Shane et al. (2003), a reason for entrepreneurs to create a new company is that they might have an independence motive. Following the point, Hessels et al. (2008) address concerning favoured motives. They see this as an opportunity to be their boss and be independent. However, is this the main reason Norwegian entrepreneurs start up their own companies? Or do they have a tangible motive as revenue and growth? (Perren, 1999; Perren, 2000). This is why we want to look at how the independence motive is in Norway.

*H2: Norwegian founders rely on social security when establishing a start-up*

To investigate whether Norwegian founders rely on social security or not when establishing a start-up, we have to look at the empirical data from our interviews and questionnaires. Hessels et al. (2008) show a negative relationship between social security and entrepreneurship. If social security systems are great, start-ups tend to be less oriented toward innovation, job creation, and export growth. Founders can apply to multiple social security foundations in Norway, like "Innovation Norway" and "NAV - New labour and welfare administration." However, are Norwegian entrepreneurs dependent on them?

*RQ1: Do Norwegian founders underestimate the importance of continuous market insight?*

Apart from investigating the impact of motives and social security, the study "The Effect of Market and Learning Orientation on Strategy Dynamics" (McGuinness & Morgan, 2005) reveals the importance of continuous market insight. The current market situation is what measures the company. However, continuous market insight is what makes a company successful. Companies need to understand the development of consumer preferences and follow the movements of competitors who seek to undermine the company's market share (McGuinness & Morgan, 2005). Market insight is not only about the consumers; it is also about the competitors and suppliers. This development is continuously changing from innovative competitors to suppliers who either demand higher prices or have a scarcity of raw materials (Mehra & Coleman, 2016). Combining this work makes the company compatible and adaptive to new trends (Setiawan et al., 2019).

*RQ2: Do Norwegian founders realize the importance of experience?*

It remains unclear whether the importance of experience in entrepreneurship in the Norwegian start-up environment has been underestimated. Based on papers from Stuart and Abetti (1990) and Delmar and Shane (2006), should the entrepreneurial experience be measured by the number of firms the entrepreneur has founded prior to the current one. This is an acknowledged measure of experience worldwide because it focuses on the number of experiences an entrepreneur has with the tasks of starting a firm. This is also backed up by "The process of entrepreneurial learning: A conceptual framework. Entrepreneurship Theory and Practice" (Politis, 2005). Politis, 2005, focuses on how serial entrepreneurs are likely to

learn from their past experiences and, therefore, are more likely to find higher-performing firms.

## **4. Methodological approach**

The method is usually chosen based on the selected research questions. Based on Clark and Ivankova (2016), in this thesis, we saw it appropriate to proceed with a mixed method. First, the plan is to conduct interviews to gain an in-depth understanding and a basis for further research questions. Furthermore, we wanted to use this foundation, combined with our literature review, to create hypotheses that we would test on a larger target group with a questionnaire.

### **4.1 Research method and design**

According to Johannessen et al. (2016, p.69), a research design is about giving something structure. Starting with the problem and considering how it is possible to carry out the study from start to finish. A critical factor that the researcher must think about is time and how long one has to complete the study. Since the study will take place for a short time in a specific period, it will be considered a cross-sectional study. Johannessen et al. (2016, p.70) explain a cross-sectional study as a research design to explore a phenomenon over a limited period.

The mixed method can be seen as a different design, with both inductive and deductive touches. It is a research method in which researchers combine quantitative and qualitative data gathering and analysis methods to comprehend a research goal better (Clark & Ivankova, 2016). The best reason for conducting a mixed-methods approach is that we can combine the strengths of both qualitative- and quantitative methods and therefore get a broader understanding of the topic. Clark & Ivankova (2016) provides another reason to do a mixed-method, and it is that one can reach better conclusions by using the results from one method to shape the use of the other. Tashakkori and Teddlie (2003) propose a sequential process with a qualitative, followed by a quantitative method as a design. A mixed-methods design in which researchers implement the qualitative and quantitative methods in sequence to use follow-up quantitative data to generalize, test, or confirm initial qualitative results.

In this thesis, the chosen design proposed by Tashakkori and Teddlie (2003) used; a sequential qualitative followed by a quantitative design. This design is helpful because we

want to explore a phenomenon in-depth with eight semi-structured interviews and further test and confirm the finding with a questionnaire.

#### **4.1.1 Method of data collection**

We have chosen to go for a mixed method. There is more than one method of data collection. First, we start with a qualitative method, a semi-structured interview. Then use the results from the interviews to design a questionnaire. In this way, we will be more confident in the questions asked. In addition, this will help validate the results of the study.

#### **4.1.2 Semi-structured interview**

Following the example made by Given (2008, p.811), a semi-structured interview is a qualitative method where the researcher follows an interview guide with open-ended questions. This way, we would gather more precise and detailed information than a questionnaire. In addition, it gives a more natural flow to the conversation.

In our thesis, we want to explore the topics before moving on to the quantitative part. This way, we might discover the deeper meaning of the founders' perception of success or motivation alongside the literature review.

Hopefully, we will gather valuable insight from this initial interview round and, afterwards, fine-tune our questionnaire for the quantitative part. This demand more work because we will have to analyze the findings and then go back to possibly rewrite our research questions and possibly completely change our sketch for the questionnaire. However, we see this as necessary to gather the best possible insight.

#### **4.1.3 Self-administered questionnaire**

The term "questionnaire mode" will be used to define the characteristics of the questionnaire measurement process. The crucial stage of data gathering, where respondents offer responses by completing the questionnaire, is called measurement (Callegaro et al., 2015). Web questionnaire mode is often referred to as a self-administered mode in which the web is used to collect data. In this thesis, we have used the findings from the interviews to shape the questionnaire. The interviews give us the insight we need to be able to ask better questions and make better hypotheses.

## 4.2 Selection and recruitment

### 4.2.1 Selection criteria

Since we were to implement a mixed method, we depended on having different selection criteria. Therefore, the following selection criteria were used for the qualitative interviews:

*Table 1: Selection criteria interviews*

<b>Criteria</b>	<b>Elaboration</b>
<b>Degree of innovation</b>	Being eligible to receive support from Innovation Norway, the concept must satisfy several criteria. We have chosen to look at Innovation Norway's overview of the companies that received support in 2020 and 2021, as this is an indicator of companies that have done a lot right along the way. Innovation Norway has many grants, but since we are looking for start-up companies, we filtered the search to those who have received start-up grants.
<b>Size of funding</b>	<p>The size of the start-up grant varies but is between NOK 50,000 and, in some cases, up to NOK 800,000.</p> <p>We chose random companies that have received funding between NOK 200,000 and NOK 750,000.</p> <p>The main reason is that the companies with a smaller size of funding are often associated with district development measures. By aiming at the companies that have received more support, we get companies that have well-thought-out concepts.</p>
<b>Age of the company</b>	<p>There is a lot that changes when it comes to the environment around start-up companies in Norway, and in order for the answers to be more updated, we have aimed at companies that are not older than five years.</p> <p>Another factor is that a company is only seen as a start-up company for the first five years.</p>
<b>Industry independent</b>	In order to not limit ourselves, we had no criteria concerning the industry.

For the questionnaire, we had to go broader. To test whether the findings from the interviews could be generalized. The following selection criteria were therefore added:

Table 2: Selection criteria questionnaire

Criteria	Elaboration
<b>Founder / General Manager</b>	We were looking for entrepreneurs or general managers in start-up companies. Whether the company is in the start-up phase or not.
<b>Source of information</b>	The respondents had to come from the Facebook groups «Gründerklubben» or «Selvstendig næringsdrivende.» Then we were sure that we hit the right target group.  We have also used our network to communicate that we are looking for Entrepreneurs. Then LinkedIn was used.  Innovation Norway's database of businesses that got start-up grants is also a great source.

#### 4.2.2 Recruitment

Beitin (2012, p.244) has done a review when it comes to the sample sizes in qualitative studies. In his review, there was a range of 2 to 25 participants. Therefore, the core sample size would be between 4 and 16. However, it depends on how in-depth the answers are and whether they will start to repeat themselves. Therefore, we decided to interview eight founders randomly picked from Innovation Norway's database of businesses that received start-up funding in 2021. We first found their business in Innovation Norway's database of who got approved start-up funding in 2021. Here we randomly picked out the businesses and found them on proff.no. Then we found out who the managers were and their contact information. We then sent out an invitational text message and asked if we could interview them.

For the questionnaire, we started with posting an invitational link to our questionnaire on the Facebook groups «Gründerklubben» or «Selvstendig næringsdrivende.» Then, Innovation Norway's database of businesses that got start-up grants was used to find the CEOs of each company before sending an invitation.

## **4.3 Implementation**

### **4.3.1 Design of interview guide**

The creation of questions is directly linked to our literature review when the interview guides were created. The plan was to ask questions that could confirm or give us more insight into our literature review. The layout itself is semi-structured so that we can start a conversation based on the first question for each topic. Often the respondent could answer several of our questions under the same topic without us having to ask it ourselves. See appendix 1 for the interview guide.

Considering the quality of the data, we initially thought that it was enough to sit two and two during the interviews. Where one spoke, and the other took notes. However, after two interviews, we switched to a tape recorder and got approval from NSD (Norwegian Center for Research Data). The use of a tape recorder was clarified with the respondents before the interview was agreed upon.

### **4.3.2 Conducting the interviews**

The interview guide is structured so that we start by introducing a theme and start a conversation from the initial question. This way, the whole situation feels less formal, and the interviewee can feel more at ease. Their answers will also be anonymous, and they can feel safe that their identity will be kept hidden.

Each interview took approximately 35 and 50 minutes to complete. Nevertheless, the respondents liked our talks and appreciated that we reached out.

### **4.3.3 Basis for the analysis of interviews**

To analyze the findings from the interviews, we used the Gioia method. Here we can structure and analyze the collected data. This method is a step-by-step strategy for developing theories and conceptions based on empirical data gathered from respondents' use of keywords and quotations. It is a three-step procedure that minimizes the amount of data and produces some key points that reflect the output in terms of data volume (Gioia et al., 2013). The first-order code in the three-step process is where the main features of data are highlighted. The data are reformulated into concepts that link to theoretical models.



After the interviews, we transcribed the interviews where the highlights were retrieved. The output was placed in a spreadsheet and set up against each other. All the highlights were colour coded to find commonalities and differences in the data. We then comprised 17 categories, which again were placed under 11 aggregate dimensions. The aggregate dimensions represent the main findings from the data and the link to the theoretical framework. Table 3 (p.26) shows that each aggregate dimension can be linked to one or more of the themes in our theoretical framework.

#### **4.3.4 Hypotheses and research questions**

Hypotheses are usually extensions of existing theory and past research, motivating the study's design. The variables represent the embodiment of the hypotheses in terms of what the researcher can manipulate and observe. Even though many believe a hypothesis is an educated guess, it is a tentative explanation for a research question that can be examined by further research. The hypothesis is tentative because its accuracy will be tested empirically (Salkind, 2010, p.586).

Research questions are meant to investigate relationships between variables and should point to the interest of the research. The research question has several functions; to restrict the topic of the study, to help guide the project and be a statement of precisely what the researcher wants to know after the project (Allen, 2017, p.1453)

#### **4.3.5 Design of a questionnaire**

Man and Lau (2005) suggest that entrepreneurial competencies are a composition of factors that are deeply rooted in a person (traits, personality, attitudes, social role, and self-image) as well as those that can be acquired at work or through training and education (skills, knowledge, and experience). Man et al. (2008) also tried to figure out how we could measure these factors.

Building a good questionnaire should start easily, with four to five easy questions that get the respondent started and in the proper mode. Our questionnaire is also highly prestructured and much based on Tondeur et al. (2017), who used a lot of Yes / No questions in their article. For example, they used "I am able to" - statements followed by Yes / No answers. Furthermore,

Chong (2013) used a Likert scale of 1-5, but with a limit on the number of fives. Both Tondeur et al. (2017) and Chong (2013) used these question formulations to provide answers to competencies. Pavlou and El Sway (2011) used a Likert scale to measure capabilities, and this study inspires the questions in our study related to capabilities.

We will measure the experience of how they have exploited their experience in their firm. In comparison, we would measure success and failure on how the outcome of tangible and intangible elements have affected the entrepreneurs. We have chosen to include the Likert scale and multiple-choice questions. This was chosen so the respondents could show their experience and success factors instead of if they only had used it or not. We will also measure motivation based on their goal-setting, drive, ambitions, and how they work to get the company as successful as possible. We chose multiple-choice questions because this would best show the depth of the motivation, and it would be easier to analyze than open questions.

#### **4.3.6 Completion of the questionnaire**

Before publication:

We sent out questionnaires to acquaintances who were in the target group. Everyone has started their own business or has done so before. We received helpful feedback regarding question structure and tone that the result would potentially be used for commercial use. After eight rounds of testing, we concluded that the questionnaire would take between 13 and 15 minutes to complete. We also had to cut down to 40 questions, as we saw it as appropriate to merge several.

Publication:

We chose to publish the questionnaire in the Facebook groups "Gründerklubben" and "Selvstendig Næringsdrivende" on 22.03.22, a little before 10 am. We assumed that this was when we would reach most of our respondents.

After three days, we saw that we did not have enough traffic on the questionnaire. We, therefore, had to make some choices that would lower the response time. We cut out 14 questions (Q: 5,6,7,9,10,82-107, and 133). The main reason these were removed was that we had already gotten answers to these during the interviews, they would be difficult to measure, and they were not vital for answering our hypotheses. The response time was cut from 15

minutes to around 7 minutes. The update was shared in the channels in which the questionnaire had been published.

One week after publication:

We had only 38 responses to the questionnaire, and at this rate, we would never reach the target of 250 responses before May. We had posted the questionnaire in "Gründerklubben" and "Selvstendig næringsdrivende" three times and received more "likes" than we had received in responses to the questionnaire. We, therefore, had to use the same method as when we recruited respondents for the interviews. Innovation Norway's database, search for the company in "proff.no", find the general manager, and send an invitational message on LinkedIn to participate in the questionnaire. This is a much more resource and time-consuming process of data collection in a questionnaire because we needed to reach out to almost 1000 potential respondents individually. After two weeks, we had 156 responses.

Additional researchers like Baykul (1999), Ross (2004), and Yildirim and Simsek (2006) recommend that 30-500 respondents would be necessary for a valid sample size. Therefore, we set a target of 260 respondents to gain a valid sample size. By 20.04.22, we reached our target, ready to analyze the findings.

#### **4.3.7 Basis for the analysis of the questionnaire**

In H1, we will use an independent sample test to target their motive and if there is a relation between material (Money and material things) and immaterial focus (Power and influence). The independent t-test can be used when the two groups under comparison are independent (Kim, 2015). The two groups in the test were what they related to success (Q122) and what their motives were (Q132). For analysed questions, see appendix 2.

To investigate if Norwegian founders rely on social security or not when establishing a start-up, we have to take a closer look at the data. There are multiple social security foundations that Norwegian founders can apply to, like "Innovation Norway" and "Nav." We used the Chi-square test to test if there were a significant relationship between "day money" (Q136) and economic support (Q137) to prove if H2 is correct or not. The Chi-square statistic is a tool that is designed to analyze group differences when the dependent variable (Day money and Economic support) is measured at a nominal level (McHugh, 2013). We will also apply Cramer's V to test the strength of the group if it is significant.

Apart from investigating the impact of motives and social security, the study "The Effect of Market and Learning Orientation on Strategy Dynamics" (McGuinness & Morgan, 2005) reveals the importance of continuous market insight. This development is continuously changing from innovative competitors to suppliers who either demand higher prices or have a scarcity of raw materials (Mehra & Coleman, 2016). Our first research question is if Norwegian founders underestimate the importance of continuous market insight? To get a better insight into the situation with Norwegian founders, we sent out a questionnaire to 260 entrepreneurs. We want to analyse five different data, two within entrepreneurial competencies, two within management competencies, and one within failure. It remains unclear whether the importance of experience in the Norwegian start-up environment has been underestimated. Based on papers from Stuart and Abetti (1990) and Delmar and Shane (2006), will the entrepreneurial experience be measured by the number of firms the entrepreneur has founded prior to the current one. To see if Norwegian founders have this kind of experience or not, we need to see how many start-ups they have been in. In Q109, we will measure two or more firms against what kind of manual they used when establishing a start-up (Q110). It would also be relevant to see if the entrepreneurs meant that it was essential to have experience when establishing a start-up or not (Q114).

## **4.4 Reliability, credibility, and transferability**

Mixed method can help validate and test the validity of findings (Jacobsen, 2005, p.136). Since we start with a qualitative approach, we can gain new insights and assumptions that we could use to design the questionnaire. The different methods should function as tests of the findings to each other. Findings from the qualitative part should be able to give the same or very similar conclusion as the quantitative one. If this is not true, we missed the questionnaire's design.

### **4.4.1 Reliability**

When it comes to reliability in the results from the interviews, we are very confident that the results can be reproduced by other researchers at a later stage, given that they follow the same procedure for recruiting the respondents. "Reliability has to do with the stability and credibility of the research results. Reliability is often considered in connection with whether a result can be reproduced at other times by other researchers" (Kvale & Brinkmann, 2017.p.276). Johannessen et al. (2016, p.36) describe reliability related to quantitative data as

essential. The reliability of the research is related to the accuracy of the data, what data is used, how it is collected, and how it is processed.

To ensure that the data is reliable, Johannessen et al. (2016, p.37) suggest that we could perform the same test sometime after our study was completed to ensure the same results, also called "test-retest." However, due to the short time horizon and the fact that the questionnaire was out for a longer period, we did not see it as appropriate.

#### **4.4.2 Credibility**

Credibility in research is about the researcher's methods and findings correctly reflecting the study's purpose and how it is linked to reality (Johannessen et al., 2016, p.232). Credibility is mainly about determining if we measure what we think we measure, according to Johannessen et al. (2016, p.232). In the question of credibility, we can test the results from the interviews and provide validity to the results by using a mixed-method approach. The reason is that the questions in the questionnaire are built on the answers from the interviews.

#### **4.4.3 Transferability**

The transferability of research results is how they can be used in other contexts and studies (Coghlan & Brydon-Miller, 2014). Can the results from the research project be transferred to a similar case? The question of transferability is central to our study. Even though we are investigating Norwegian entrepreneurs, these entrepreneurs will one day become leaders in companies that will last over time. Therefore, we look at the results on competencies, teams, and choice of grants as transferable to existing and older companies, not just for start-up companies. The results from the questionnaire can also be used to create courses for skill development.

### **4.5 Ethical considerations**

In both the interview and the questionnaire, the respondents must be allowed to answer anonymously. This is due to source protection and ensures that the respondent does not feel that they are exploited. We have also assessed because respondents can allow themselves to be more honest in their answers (Lelkes et al., 2012).

An ethical assessment can be whether we want to use collected data to produce a salable product in an e-book after graduation. The respondents could have been informed about this before participating in the questionnaire.

For the qualitative interviews, we did not because the selection was randomly picked from Innovation Norway's list of businesses that received funding in 2021. We did not intend to use recorders or any other tools that could later identify the interview objects. This way, we could protect the identity of the interview objects. NSD guidelines stated that oral consent was sufficient. Therefore, we applied to NSD to be able to conduct the interviews with a tape recorder, and the application got approved.

For the quantitative questionnaire, we did not have to report it either because we intended to use "Questback" as the tool for creating the questionnaire and their "anonymous"-setting. This meant that no identifiable information, like browser type and version, IP-address, operative system, or e-mails, would be saved together with the answers. The only answers that could identify a person were: County, gender, industry, and role in the company. NSD said this information was insufficient to identify a person, mainly because counties cover a significant geographical area. Consent was not necessary because it would be difficult for us to figure out a respondent's identity if the answers were anonymized from the start. Should any respondent identify themselves clearly, we could identify the response together with the respondent and remove the response.

## **5. Analysis and findings - Interviews**

In this chapter, we will show the findings from the interviews. This analysis will only be used as a foundation for the quantitative questionnaire we will conduct later in the thesis.

We analyzed the data to find the most similarities and determine if there were differences. The findings will be presented based on the connection to the theory in the next nine subchapters and follow the framework based on Gioia et al. (2013). The analysis is illustrated in table 3. The aggregate dimensions will function as separate subtitles and link this to the theory. Finally, quotations from the respondents will be used to substantiate the findings.

Table 3: Datastructure and themes summarized based on Gioia et al. (2013)

1st order concepts	2nd order themes	Aggregate dimensions
<ul style="list-style-type: none"> <li>- Flat structure and short decision path.</li> <li>- The team is essential and works for each other</li> </ul>	Every single member feels ownership.	<p><b>The strength of the team and the level of commitment that is invested depends on the ownership and degree of work tasks one can master.</b></p>
<ul style="list-style-type: none"> <li>- Entrepreneurs must know a little about everything.</li> <li>- Important with some basic knowledge.</li> <li>- Critical that the team is complementary and that to do things one is qualified to do.</li> </ul>	Focus on work tasks you are good at.	
<ul style="list-style-type: none"> <li>- Openness and curiosity</li> <li>- Passion and willingness to learn.</li> <li>- Network and support</li> <li>- Market and customer insight</li> <li>- Passion and will.</li> <li>- Knowledge of market and industry.</li> <li>- Know a little about everything.</li> </ul>	Entrepreneurial experience is a journey and a continuous learning process.	<p><b>Competence is built continuously and over time</b></p>
<ul style="list-style-type: none"> <li>- The founders have learned most along the way</li> <li>- Outsourcing can free up capacity</li> <li>- Lots of face-to-face communication.</li> <li>- Varied if people like routines.</li> <li>- Everyone uses digital tools for sharing knowledge</li> </ul>	Continuous learning and knowledge sharing are preferred face to face.	
<ul style="list-style-type: none"> <li>- The majority must have a job on the side to invest in their business.</li> <li>- Much personal effort.</li> <li>- Everyone has received a start-up grant from Innovation Norway. However, they think it is too much work for little return.</li> </ul>	The financial ability is characterized by much self-effort, Innovation in Norway and secondary income from other jobs during development.	<p><b>Dynamic capabilities</b></p>
<ul style="list-style-type: none"> <li>- Development of capabilities is resource intensive in the beginning.</li> <li>- Dealing with change and looking for new opportunities is usually reactive.</li> </ul>	Entrepreneurs use many resources in start-ups to build a good foundation. Then, later changes and the search for new opportunities are handled reactively.	
<ul style="list-style-type: none"> <li>- It has been essential for entrepreneurs to use an accountant, as it frees up resources.</li> <li>- Call around and meet the right people.</li> <li>- Spend many resources on market research.</li> </ul>	Experienced entrepreneurs realize the importance of outsourcing demanding and vital tasks that can be important to the company and free up capacity.	

<ul style="list-style-type: none"> <li>- Own experience.</li> <li>- Some help from investors, as they have a more straightforward message.</li> <li>- Essential with an underlying interest.</li> <li>- Broad competence in teams here has been a great help.</li> <li>- Learned a lot along the way.</li> </ul>	<p>There has been little help along the way, so entrepreneurs must rely on their own experience and broad competence in the team.</p>	<p><b>They are left to their own experience.</b></p>
<ul style="list-style-type: none"> <li>- BMC is suitable for an overview but gives little after a while.</li> <li>- The desired method has been blocked due to the pandemic.</li> </ul>	<p>The desired method has been blocked due to pandemic</p>	
<ul style="list-style-type: none"> <li>- The most successful methods have been to call around and book meetings.</li> <li>- Factors that have helped to promote success have been routines and collaboration.</li> <li>- The most critical success factors have been guts, routine and clear goals.</li> </ul>	<p>Methods that have worked best have been to be proactive on the phone and in meetings.</p>	<p><b>Success factors that the entrepreneurs appreciate are guts, routine, goals and having the customer at the centre of attention.</b></p>
<ul style="list-style-type: none"> <li>- Most successful with product development.</li> <li>- The entrepreneurs are chasing success by achieving sub-goals, working with sales and having the customer at the centre of attention.</li> </ul>	<p>Success factors have been guts, routines, clear goals and cooperation.</p>	
<ul style="list-style-type: none"> <li>- Spending too much time.</li> <li>- Wrong hires/team.</li> <li>- Market and customer insight.</li> </ul>	<p>Assumed pitfalls and the entrepreneurs' own experiences are the same.</p>	<p><b>Failure is associated with something positive, contributes to learning and makes the company more adaptable. They also experience great support in their mission.</b></p>
<ul style="list-style-type: none"> <li>- Industry knowledge.</li> <li>- Decisions.</li> <li>- Wrong hires.</li> <li>- Stagnation.</li> </ul>		
<ul style="list-style-type: none"> <li>- Mistakes have contributed to learning, and they have become more adaptable.</li> <li>- The founders associate failure with learning.</li> </ul>	<p>Mistakes have contributed to learning, and they have become more adaptable.</p>	
<ul style="list-style-type: none"> <li>- The founders generally feel they are being backed and know little about other people not wanting their best.</li> </ul>	<p>The founders mostly feel supported.</p>	
<ul style="list-style-type: none"> <li>- The entrepreneurs' motives for starting their own business are financial freedom</li> <li>- The desire to create something</li> <li>- Meet a need.</li> </ul>		



- Independence.	Motives and goals are financial freedom, creativity and independence. Desire to leave something behind.	<b>The entrepreneurs' motives for starting a business are similar to the company's long-term goals.</b>
- The ultimate goal of entrepreneurs is financial independence. - Knowledge. - Self-realization. - Create change and benefit society - Leave a legacy.		
- The founders envisage that the company will go abroad or on the stock exchange within ten years.	Ambitions for the company are to see abroad and stock exchange listing.	<b>Great ambitions</b>
- The company's ultimate goal is to become the market leader in the sector. - Foreign market. - Desire for independence.		
- Six out of eight have ambitions for exports or foreign markets.		
- One in eight has received support from NAV during the company's establishment. - No one has received any other form of support during the establishment except one who has been to a catapult program	Few received support from NAV during its establishment. No other financial support.	<b>The founders are not dependent on social security.</b>

## 5.1 Strength of the team and level of commitment

The questionnaire indicates that the strength of the team and the level of commitment that is invested depends on the ownership and degree of work tasks a person can master. Every respondent said that a flat organizational structure was preferred because of the short decision paths and because their businesses have not grown enough to consider a change in structure.

The building of the team and the selection of partners were essential for achieving success. It also was essential to select those who would fit in the team, have the same motivation as the entrepreneur, and are willing to work for each other and not only for themselves. Since resources are scarce, every team member must know "something about everything" and have some basic knowledge coming into the organization. In addition, they needed to be adaptable to meet any challenges in the future.

Even though every team member needs some basic knowledge about the whole organization, the leader strives to let the team members focus on tasks they are comfortable with. They believe that this is the best way of letting the team take ownership of their projects and the company. The leaders also experienced that the team members would show more significant commitment when given mastered assignments.

## **5.2 Competence is built continuously and over time**

Most respondents perceived the entrepreneurial experience as a journey and a continuous learning process during the interviews. The one thing that was highlighted by several was the need for passion and willingness to learn new things because if anything is sure, things change, and to keep up with the competition, one needs to be updated. Therefore, passion and guts to keep going were vital. The entrepreneur did not necessarily need to have passion for the industry, market, product, or service but an underlying motive for their venture.

The respondents mentioned openness and curiosity as traits that help build their competence and honesty when sharing their plans with others or within the team to resolve problems faster. They also use their network frequently for support and sometimes "free labour" or favours from friends. However, mainly try to keep everything in-house and build competence based on need.

The respondent found their experience as entrepreneurs as a continuous learning process and that knowledge-sharing is preferred face to face. Half of the respondents were first-time entrepreneurs and felt that they had just jumped off a cliff and learned how to fly on the way down. The business idea was one thing, but suddenly they had to take care of all the practical tasks. How to budget, how to be a leader, how to sell? Many of the respondents knew how, in theory, but said that they only felt like they could master these tasks once they had tried and failed many times. Every respondent said they had some "basic knowledge" that helped them a lot, but they mostly learned on the way.

The view on outsourcing divides the "first-timers" and the veterans. The "first-timers" focused on having everything in-house and working on challenging tasks. The veterans, however, had learned from earlier experiences that outsourcing frees up capacity and lets them focus on tasks that they are good at and not waste time on something that others can do better - for

example, the market clarification grant from Innovation Norway. The "first-timers" did the market research themselves, and the veterans used everything, plus private funds on agencies that did the research for them. The veterans also said that outsourcing the accounting part was relieving, knowing that the finances were in order. More experienced entrepreneurs realize the importance of outsourcing demanding and essential tasks that can be important to the company and free up capacity and make the best use of the company's capabilities.

### **5.3 Dynamic capabilities**

Entrepreneurs use many resources in start-ups to build a good foundation. Then, at a later stage, they handle change and search for new business opportunities reactively or respond to development in the market. Most start-ups have a core team of 1-4 persons, and each of these individuals may have different qualities. At the start, the respondents said that it was demanding to figure out how to make the best use of the human capabilities of the organization.

When asked how their businesses deal with change in the market environment, most respondents desire changes in the market in order to evolve in new areas. However, if challenges occur, the respondents had a mindset to work with the problem and learn from the process. This indicates that the businesses might not have the capabilities to plan for a sudden change in the market. However, seeing that these are small organizations, they can pivot faster and make rapid changes. The respondents stated that searching for a new business opportunity was not a concern since their business was recently established. However, they always watch trends and try to get feedback from their customers to keep the end user at the centre of attention.

The financial ability is characterized by a lot of self-effort, Innovation Norway, and secondary income from other jobs during development. The majority of the respondents had a job on the side while starting their business. Therefore, the result of the start-ups was much personal effort. Long days and nights without pay. Every respondent has received a start-up grant from Innovation Norway, but they all agreed that there was much work for little return.

## 5.4 Left to their own experience

The founders felt that there had been little help along the way, so entrepreneurs must rely on their own experience and broad competence in the team. This part includes the findings from success factors and failure because they are both related to building experience. Therefore, they did not use any "Start-up manuals" when starting the business but rather their own experience. One of the founders had some help from the municipality, but it did not offer great opportunities. A point made by one of the founders was that they went to possible investors early in the process. As a result, they got honest feedback and insight into what the investors wanted.

The founders did not feel that it was essential with experience from the chosen industry, but rather an underlying interest that was the main driver. They did not need to have 10+ years of experience in the market they were entering, but interest and motivation to learn were essential. Lack of experience was zeroed out by broad competence in the team. The team became more co-dependent and better at sharing new knowledge and focusing on primary activities. Nevertheless, the main point was that they learned most along the way.

During the pandemic, the usual desired methods of reaching out have been blocked. As a result, people have been forced to think new. The last two years have been challenging for start-ups because their desired way of communicating has been disabled due to restrictions. Meetings were the most popular way to contact customers, partners, and investors. However, the founders had to find other ways of making their sales pitch, and there have been a lot of video meetings, cold calls, and missed opportunities due to the poor quality of software for displaying products or services.

The success factors that the entrepreneurs bring forward have been guts, routine, goals, and having the customer at the centre of attention. When talking about guts, they mean being fearless and not afraid of doing anything wrong. A part of not being afraid of rejection was picking up the phone and calling 2, 50, or even 100 people to get meetings and get a signed letter of intent.

*"You have to be fearless! Do not worry about looking stupid or foolish. Drop the guard and go for it!". - Object 5*

Another success factor was routines and structure, treating the start-up as a job and not a project. This mentality gave the entrepreneur a more significant commitment to the tasks. Setting clear goals was also mentioned, both long-term and short-term goals. This made the process easier to handle, and celebrating small wins by achieving short-term goals with the team was a great motivator.

When it came to product-/ service development, they all had a user-centred focus on the development stage and felt that no other way would be right. Furthermore, since they were still in an early phase, economic- or societal success is a little premature to determine.

The interviews indicate that failure is often associated with something positive, contributes to learning, and makes the company more adaptable. They also experience great support in their mission. Even though failures sometimes stopped productivity, the respondents still felt they had the right approach. Mistakes and failures are considered sources of building knowledge and competencies and can help companies become more adaptable to challenges. With a history of trying and failing, the founders felt they were more set to face future challenges and visualize different scenarios.

Assumed pitfalls and the entrepreneurs' own experiences are the same. When asked about what potential pitfalls Norwegian entrepreneurs might encounter, the most common assumptions were time consumption, incorrect team building, and market and customer insight. Time consumption in the case of decision-making and lack of progress because of different expectations in the team. Incorrect team building, the core team is usually built with people with whom one has a prior relationship. The issue appears when adding new members to the team because the new member needs the desired competencies and the right mindset to fit the organization. This may be a common issue for every organization wanting to expand, but it has more impact on small businesses. Ambitions and motives must align with the entrepreneurs to clarify expectations of the job and the effort that needs to be invested. Market and customer insight: Even though one can have the world's best idea, it would not matter if no one wanted or needed it.

*"I do not have time or money to waste on something that will not give me anything back in three years. We always have the user's problem in mind". - Object 6*

When asked about their pitfalls, they answered time consumption, wrong hires, and market and customer insight. These pitfalls were the same as what they assumed every Norwegian entrepreneur encountered in their process.

## **5.5 Motives for starting a business**

This part includes the findings from ambitions and the independence of social security because these are related to motives. The entrepreneurs' motives for starting a business are like the company's long-term goals. Motives and goals are financial freedom, creativity, and independence. The motives are pretty divided, and the essence is that financial freedom came because of hard work. The founders described an urge or desire to create something that could cover someone's needs. Independence was the most common motive for starting a business. This included the possibility of setting the agenda and putting themselves in charge of their own life. Correlated to the desire to create something, a desire to leave something behind was a strong motive. Starting a company is an opportunity to build something that will stand the test of time and leave its mark on the world. Securing their children and future generations were mentioned regarding leaving a legacy.

The entrepreneurs' goals are financial independence, knowledge, self-realization, and the creation of benefits for society. This means that the underlying motives and goals of starting a business are almost the same, but knowledge as a goal indicates how entrepreneurs view their process. If the motive were to gain knowledge, join a university. If the goal is to gain knowledge, one must go through the process of starting a business.

Answers regarding ambitions had a tendency to be high and aimed at foreign markets and stock exchanges. When asked how big ambitions they had for their idea or business, the founders were not shy. Only two had ambitions for the domestic market. The rest stated that they wanted to reach foreign markets and become leaders in their sectors. Two founders said that the stock exchange was a dream, but one said that this was a concrete goal. The desire for independence was mentioned as a sub-goal connected to the company's success.

The founders are not dependent on social security. One in eight has received support from NAV during the company's establishment, and it was not the support system we asked about. The respondent had received support because he was unemployed at the time, he decided to

start the business, and he did not even know about NAV's solution for entrepreneurial support. The founders also stated that they had not received any other form of support during the establishment, except one who has been to a catapult program. The catapult program offers entrepreneurs an opportunity to test and validate their ideas (Norsk katapult, 2022). This is besides Innovation Norway's start-up grants.

## 6. Analysis and findings - Quantitative

In H1, we used Levene's test for equality of variances, which resulted in  $p > .05$ . This means that the variances are not significantly different, and we then must interpret the top row of the results from the t-test for equality of means. Here is the  $p > .05$ , and we can conclude that the motives do not differ significantly for the success factors ( $t(258) = -.018 = .985$ ). Even if the entrepreneurs have a material or an immaterial focus, their motives are still the same. The motive is that 68,5% have independence or needs-based rather than growth (Q132).

Figure 1: Group statistics with a focus on success factors and motives

	Suksessfaktor	N	Mean	Std. Deviation	Std. Error Mean
Motiver	0	94	1,15	,718	,074
	1	166	1,15	,693	,054

Figure 2: Independent samples test with a focus on success factors and motives

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Motiver	Equal variances assumed	,133	,716	-,018	258	,985	-,002	,091	-,180	,177
	Equal variances not assumed			-,018	187,618	,985	-,002	,092	-,182	,179

Based on Levene's test and the independent samples test, we confirm our hypothesis that Norwegian founders have an independence motive towards entrepreneurship. Furthermore, Q116 further supports the hypothesis that Norwegian founders have an independence motive. Here is the highest score from "To do what I like to do," while the two lowest scores are economically safe and creating workplaces.

In H2, we used the Chi-square test to test if there were a significant relationship between "day money" (Q136) and economic support (Q137).

It resulted in a significant relation with  $\chi^2(1, N=260) = 6,87, p = .005$ . People who did not apply for day money are more likely to not apply for other social support than those who applied for day money (64,4% to 43,2%). According to Cramer's V test on effect size, this group is a small effect size in this study (0.16).

Figure 3: Crosstabulation of the parameters day money and support

**Dagpenger \* Støtte Crosstabulation**

			Støtte		Total
			0	1	
Dagpenger	0	Count	139	77	216
		Expected Count	131,3	84,7	216,0
		% within Dagpenger	64,4%	35,6%	100,0%
	1	Count	19	25	44
		Expected Count	26,7	17,3	44,0
		% within Dagpenger	43,2%	56,8%	100,0%
Total	Count	158	102	260	
	Expected Count	158,0	102,0	260,0	
	% within Dagpenger	60,8%	39,2%	100,0%	

Figure 4: Chi-square test with a focus on day money and support

**Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	6,872 <sup>a</sup>	1	,009		
Continuity Correction <sup>b</sup>	6,012	1	,014		
Likelihood Ratio	6,713	1	,010		
Fisher's Exact Test				,011	,008
Linear-by-Linear Association	6,845	1	,009		
N of Valid Cases	260				

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 17,26.

b. Computed only for a 2x2 table



Figure 5: Additional analysis of Cramer's V

<b>Symmetric Measures</b>		Value	Approximate Significance
Nominal by Nominal	Phi	,163	,009
	Cramer's V	,163	,009
N of Valid Cases		260	

Based on this data, we can deny that Norwegian founders rely on social security when establishing a start-up. The Norwegian founders are not dependent on social security when establishing a start-up. For example, 83,1% of the entrepreneurs did not apply for day money, and 60,8% did not apply for other social support under the company's establishment.

Our first research question is if Norwegian founders underestimate the importance of continuous market insight? To get a better insight into the situation with Norwegian founders, we sent out a questionnaire to 260 entrepreneurs. When asked about which kind of entrepreneurial competencies are the two most important (Q20, see appendix), the top answer was "Identifying and defining a sustainable market niche." However, when asked about which kind of entrepreneurial competencies they wanted to learn more about, one of the bottom answers was "Identifying and defining a sustainable market niche" (Q27). So, Norwegian founders say that "Identifying and defining a sustainable market niche" is one of the most critical competencies. However, they do not want to learn more about how to do so.

The next question in the questionnaire was about managerial competencies. Which kind of competencies do you see as the three most important (Q34)? Out of eleven alternatives, market knowledge and industry knowledge were the fourth and fifth top answers. However, they were the fourth and fifth lowest answers when asked if they wanted to learn more about it (Q46). So again, they think market and industry knowledge are somewhat important, but they do not want to learn more about it. The last question was about the most significant pitfalls a founder can go into (Q123). Again, the founders meant that missing market knowledge was the second biggest pitfall a founder could go into.

Our second research question would see if Norwegian founders realize the importance of experience. First, we need to see how many start-ups they have been in and if it has had an impact or not. Out of 260 persons, have 68,5% been in two or more start-ups (Q109). On the

other hand, 89,6% of the 260 people did use their own experience when they established their firm, and only 6,2% used a start-up manual (Q110). This tells us that Norwegian entrepreneurs suggest that experience is both earlier start-ups and similar experiences in that field. However, do they think that experience is essential when establishing a start-up or if they have had to learn everything again? According to question 114, 84,6% say it was essential or somehow essential with experience when establishing a start-up. Furthermore, if Norwegian entrepreneurs meet adversity, they respond with learning and motivation (Q130).

## **7. Discussion**

This section will discuss our hypotheses and research questions against existing theories and our findings. We will discuss our hypotheses separately. Furthermore, we will discuss the following research questions separately.

### **7.1 Norwegian founders have an independence-motive towards entrepreneurship**

Following the points made by Hessels et al. (2008) and Shane et al. (2003), the independence motive is common in rich countries. However, the increasing wealth motive is not as desired because of social security and egoistic passion. Therefore, we hypothesised that Norwegian founders tend to have an independence motive for their start-ups.

During the interviews, we found that the entrepreneurs' motives were highly connected to their long-term goals and that their main goals were financial freedom, creativity, and independence. Desire to leave something behind. The founders described a desire to create something that could cover someone's needs. Independence was the most common motive for starting a business. This included the possibility of setting the agenda and putting themselves in charge of their own life. These findings make the arguments of Hessels et al. (2008) regarding independence motives in rich countries to be correct. The findings also support the arguments about egoistic passion and the need for achievement made by Shane et al. (2003). The arguments about independence, egoistic passion and the need for achievement made by Shane et al. (2003) are through the findings in the interviews supported by the factors: financial freedom, creativity, and independence.

The data from the questionnaire clearly shows us that Norwegian founders have an independence-motive towards entrepreneurship. Even if they have a material or immaterial focus, their motives are still independence-based. Money and growth are not crucial for Norwegian founders as power and influence. So, entrepreneurs do not do this for money or growth. They do it because they want to work with "what they like to do" (Q116).

An exciting find and something contradictory to the view of the independence motive by Hessels et al. (2008). Entrepreneurs starting companies with an independent motive were not likely to have high ambitions and consequently not contribute to their country's innovation, job creation, and economic growth. However, the findings from the interviews indicate that they had grand ambitions. Only two had ambitions for the domestic market. The rest stated that they wanted to reach foreign markets and become leaders in their sectors. Two founders said that the stock exchange was a dream, but one said that this was a concrete goal. The desire for independence was mentioned as a sub-goal connected to the company's success.

From the answers we got, it seems like the conception of independence is too broad and that the founders have different perceptions of the concept of independence. Maybe it is a combination of high self-efficacy, tolerance of ambiguity and drive (Shane et al., 2003). A belief in assembling and implementing the required resources, capabilities, and competencies to realize success in a given field and an ambition that fuels the entrepreneur to search for something great, meaningful, and significant. These factors combined, an underlying ambition to get something done and enough confidence in yourself to believe it can be done, can be understood as independence in some grades.

## **7.2 Norwegian founders rely on social security when establishing a start-up**

This hypothesis is based on Hessels et al. (2008). The paper showed that social security had an opposed relationship with entrepreneurship. If social security systems are great, start-ups tend to be less oriented towards innovation, job creation, and export growth. This is supported in the works of Henrekson (2005), Hessels et al., (2006) and Wennekers et al., (2005). Founders can apply to multiple social security foundations in Norway, like "Innovation Norway" and "Nav." However, are Norwegian entrepreneurs dependent on them to start a company?

Based on the interviews, the founders were not dependent on social security, which contradicts the claims of Hessels et al.(2008). Only one of the eight people we interviewed had received support from NAV in the period of development of their firm. However, it was not the entrepreneurship grant we asked about. The person was unemployed and got unemployment benefits at the time. Most of the people we interviewed did not know NAV's solution for entrepreneurial support.

Since one of our selection criteria involved that the business had received a start-up grant from Innovation Norway, we had to leave this out of the discussion. However, when asked about their process to get the Start-up grant, most of the respondents said that it involved much work to what they got out of it. "It is free money, so it would be dumb to leave it be". Nevertheless, applying for the grants took much time and focused away from tasks that potentially could benefit the companies in other ways.

Only one had sought help from their local municipality. A low-threshold offer to help entrepreneurs. They responded that it helped in the first meeting to get some overview but did not contribute much to the development afterwards. None of the respondents had been part of a business incubator or accelerator program during their development stage. However, one of the respondents had been part of a catapult program allowing them to develop prototypes, test and simulate their idea (Norsk katapult, 2022). Saying this helped their process.

To confirm these findings, we tested the hypothesis in the questionnaire. Based on the data, 83,1% of the entrepreneurs did not apply for entrepreneurial support from NAV, and 60,8% did not apply for other social support under the company's establishment. Making our findings credible and discarding the hypothesis made based on the findings of Hessels et al. (2008).

However, an exciting find from the questionnaire is that 50,8% had attended a business incubator or accelerator program. Even though this is not a part of what we describe as social security, it is an excellent opportunity to develop businesses in safe environments with significant resources. There are several requirements to join either a business incubator or accelerator program, and the entrepreneur would need to do much work before entering one of these programs.

## **7.3 Do Norwegian founders underestimate continuous market insight?**

According to Aulet (2013), one can have the best product or service ever produced, but that will not matter if no one is willing to pay for it. So is the reason that 73,3% of all start-ups in Norway fail within five years because they lack insight into the customers' needs and wants? Do Norwegian founders underestimate the importance of activities that lets the business understand what the customer thinks?

The answer might not be straightforward because unexpected things happen. Take Covid-19, for example. The favoured methods of getting things done were suddenly blocked by restrictions and not being able to demonstrate any good demos to potential customers. Also, there is a clear distinction between experienced entrepreneurs and the ones running their first start-up when it comes to prioritising their resources in the early stages of the start-up. The experienced ones tend to focus more on building a solid foundation for getting to know their customer, often using all their resources on market research and testing.

In comparison, fresh entrepreneurs tend to have a higher focus on product development. Instead of knowing what the customer wants, they develop a product or service and try to introduce it to the customer. This makes market entry more challenging because this means a lot more resources towards testing and re-configuring their product or service. Even though many entrepreneurs have adopted the Lean Start-up methodology Ries (2011), the knowledge of the customer is the best starting point for the development.

According to the framework of Mitchelmore & Rowley (2010), Two of the most vital entrepreneurial competencies were: "Identify and define a viable market niche" and "Environmental scanning". Man et al. (2002) had "opportunity competencies" as their number one, and Hashim et al. (2018) believe that entrepreneurial competencies and dynamic capabilities are the best solutions. Given this insight, entrepreneurs, new and experienced, should have a higher focus on market insight as a part of their business. Preferably as a dynamic capability, that will give the start-ups a better chance of adapting to changing environments. Having a capability that enables continuous market insight also limits the risk of losing loyal customers. Underlining the point made by Kim et al. (2018) that having too much internal focus on the development of ideas and concepts will ultimately lead to failure

to meet the market's needs. A great effort in market research also gives a higher chance of getting grants from Innovation Norway and other government grants, as insight is one of the most important criteria.

When comparing the answers from the questionnaire, they are quite contradictory. Market knowledge is essential, but entrepreneurs do not want to learn more about it. On the contrary, they are happy with the knowledge they have. They have done a thorough job with the market analysis that they already have done.

However, when comparing our feedback, we find that Norwegian founders underestimate the importance of continuous market insight since they do not seek more market knowledge. They do not see market insight as continuous work, just a one-time task. With the market and trends rapidly changing, there is a must to keep up with the changes for every company. If they are not aware of the changes, they might lose market positioning as Nokia did in 2011 (Bhalodiya & Sagotia, 2018). They did not follow or did good enough work on the market and were too late to respond to a new trend, and therefore lost their position as the market leader. When interviewing one of the serial entrepreneurs, we found out that he used 25% of the market grant from IN (Innovation Norway) to market insight when founding his first companies. However, he experienced that market insight was extremely important through his past experiences with founding companies. Now he uses 100% of the IN grant and more on market insight.

## **7.4 Do Norwegian founders realize the importance of experience?**

Based on papers from Stuart and Abetti (1990) and Delmar and Shane (2006), the entrepreneurial experience can be measured by the number of firms the entrepreneur has founded prior to the current one. Politis (2005) also backs this up. Where their focus was that serial entrepreneurs are likely to learn from their past experiences and, therefore, are more likely to found higher-performing firms.

After the interviews, we found that the founders felt that there had been little help along the way and had to rely on their own experience and broad competence in the team. Therefore, they did not use any "Start-up manuals" when starting the business but rather their own

experience. A point made by one of the founders was that they went to possible investors early in the process. As a result, they got honest feedback and insight into what the investors wanted.

The founders did not feel that it was essential with experience from the chosen industry, but rather an underlying interest that was the main driver. They did not need to have 10+ years of experience in the market they were entering, but interest and motivation to learn were essential. Lack of experience was zeroed out by broad experience in the team. The team became more co-dependent and better at sharing new knowledge and focusing on primary activities. Nevertheless, the main point was that they learned most along the way.

The desired method has been blocked due to the pandemic. During the interviews, we found that the last two years have been challenging for start-ups because their desired contact methods have been blocked due to restrictions. The most popular way to contact customers, partners, and investors was through meetings and showing up. However, the founders had to find other ways of making their sales pitch, and there have been a lot of video meetings, cold calls, and missed opportunities due to the poor quality of software for displaying products or services.

Answers from the questionnaire indicate that Norwegian founders realize the importance of experience. They use their experience in their start-ups, and they think it is essential when establishing a start-up. However, a percentage still does not have experience from earlier start-ups that use other experience when establishing a start-up. This kind of experience may be as important as having experience with earlier start-ups. However, according to the extant literature, entrepreneurs with more founding experience are more likely to launch a successful venture than entrepreneurs without prior experience (Lamont, 1972; Starr & Bygrave, 1992; Vesper, 1980; Wright et al., 1998). Furthermore, if Norwegian entrepreneurs meet adversity, they respond with learning and motivation (Q130).

We can see the connection between our findings in the interviews and the questionnaire considering how much the entrepreneurs value experience. For many, it is the foundation of the entire organization. Others see experience and competencies as constantly evolving, confirming the view of Martin and Staines (1994) that competencies are "crafts" best developed on the job, not a set of ideas or theories. Many respondents also refer to a "try, fail,

try again" mentality and often describe their development process just like the Lean process (Ries, 2011; Eisenmann et al., 2012) without mentioning its name. The entrepreneurs test their product or service and make changes based on feedback, often making MVPs. It does not matter if they live by the Lean Start-up methodology. However, the essential pieces are there, gaining experience from action and developing through customer feedback. The entrepreneurs also value failure just as much as experience, following the examples made by Tidd and Bessant (2020) and Olaison and Sørensen (2014).

The findings also give us insight into how more experienced entrepreneurs prioritize their resources. Based on our data, experienced entrepreneurs are more aware of their limitations and, therefore, more likely to outsource tasks that they are underqualified to handle. Resulting in more efficient validation of the projects and limiting risks.

## **8. Conclusion and implications**

This thesis aimed to gain more insight into entrepreneurial competence in the Norwegian start-up environment. How Norwegian entrepreneurs assess their competencies and abilities to utilize these in the best possible way. We also took the concerns of NHO (2020) into account when we wanted to investigate how Norwegian entrepreneurs can be an even more significant contributor to achieving the goals of 300,000 new jobs by 2030 in the private sector. We believe that the rate of start-ups that “survives” the five year-mark needs to increase from 26,7%.

This thesis provides insight into eight interviewees’ perspectives on experience, teams, and entrepreneurial motivation. As a result, we also gain more insight into their capabilities and competencies, gaps, and possibilities. The results from the interviews also have high credibility and are validated through a questionnaire with 260 respondents from the same selection criteria. In addition, our results have given us answers to our hypotheses, and research questions: (H1) Norwegian founders have an independence-motive towards entrepreneurship. (H2) Norwegian founders rely on social security when establishing a start-up. (RQ1) Do Norwegian founders underestimate continuous market insight? (RQ2) Do Norwegian founders realize the importance of experience?



## 8.1 Overall conclusion

In (H1), our hypothesis has been confirmed by a majority of the respondents from the interviews and our questionnaire. In the interviews, we found that the motives for starting their ventures were financial freedom, creativity, and independence. Independence was the most common motive for starting a business. This was backed by Q116, where the top answer was “work with what they like to do”, a highly related phrase. Even if they have a material or immaterial focus, their motives are still independence- or needs-based rather than growth (Q132). Money and growth are not crucial for Norwegian founders as power and influence (Q122).

While (H2) has been denied. Because the interviewees’ did not know NAV’s solution for entrepreneurial support, the questionnaire shows that only 16,9% applied to NAV’s solution. Even though our selection criteria involved businesses with a start-up grant from Innovation Norway. Which is a form of social security. Most of the respondents felt that applying for the grants took much time and focus away from tasks that potentially could benefit the companies in other ways.

In (RQ1), we can see a clear distinction between experienced entrepreneurs and the ones running their first start-up when it comes to prioritising their resources in the early stages of the start-up. It may seem like Norwegian founders underestimate the importance of continuous market insight since they do not seek more market knowledge. They do not see market insight as continuous work, just a one-time task. However, with the market and trends rapidly changing, there is a need to develop dynamic capabilities for the company.

In (RQ2), we found that the founders felt that there had been little help along the way and had to rely on their own experience and broad competence in the team. The founders did not feel that it was essential with experience from the chosen industry, but rather an underlying interest that was the main driver. We can see a connection between our findings in the interviews and the questionnaire considering how much the entrepreneurs value experience. For many, it is the foundation of the entire organization. Others see experience and competencies as a continuous learning process. Entrepreneurs value failure as much as experience and would not be without it (Q130). In conclusion, this indicates that Norwegian

founders realize the importance of experience. They use their experience in their start-ups, and they think it is essential when establishing a start-up.

How could our findings help NHO get a better insight into how Norwegian entrepreneurs can be an even more significant contributor to achieving the goals of 300,000 new jobs by 2030?

First, Norwegian founders have an independence motive towards entrepreneurship. This indicates that they are not likely to have high ambitions and consequently not contribute to their country's innovation, job creation, and economic growth.

Second, Norwegian founders do not rely on social security when establishing a start-up. Even though the Norwegian social security systems are great, it seems like Norwegian start-ups are not dependent on them. They indicate that Norwegian start-ups dare to take the chance, even without a safety net.

Third, we see a lack of market insight as one of the main reasons the success rate for start-ups in Norway is so low. The entrepreneurs do make a good effort at the start of their ventures. However, it tends to be a lack of discipline when maintaining the effort over time. It shows that the founders do not have any dynamic capabilities enabling them to comprehend the rapid changes in the market scene, consequently leading to stagnation being the most identified pitfall.

Fourth, it seems like most of the Norwegian founders do realize the importance of experience. They often see the entrepreneurial experience as a continuous learning process. For example, 89,6% of the respondents used their own experience when establishing a start-up.

## **8.2 Implications**

There is a lot of existing literature regarding competencies, the use of capabilities and entrepreneurial motives. However, there is no direct link between the Norwegian entrepreneur and the start-up environment since we are the first to our knowledge to combine existing literature and explore the Norwegian start-up environment. Our thesis can help Norwegian entrepreneurs gain insight into what others have succeeded with, identify potential pitfalls, and what are the preferred methods of 260 respondents.

The purpose of the study was to gain a broad overview of the Norwegian start-up environment. This included a wide selection of entrepreneurs from every county, every

industry, and a broad range of experience. This basis showed us how things are done today and provided new points of interest.

### **8.3 Limitations**

There are some limitations to the study. First is our target group. Because we expected to get a lot more responses from the Facebook groups. We could have gotten a more comprehensive selection of respondents, not only those who got grants from Innovation Norway. In addition, it would be a more complementary study if we also had answers from those who founded “regular” businesses.

Second, the questionnaire design was too comprehensive at first, and we ended up shortening the questionnaire from approximately 15 to 7 minutes. This alteration may have resulted in a lot more respondents completing the questionnaire. In hindsight, we should have tested the questionnaire more before publishing it. On the other hand, questionnaires published in these Facebook groups had an unexpectedly poor response. The impression of the groups was that this was a forum to gain more knowledge, share experiences, and where our task would meet the right group. We probably made a mistake there, and instead of the data collection going by itself, we had to work much harder.

Third, the choice of method. Mixed methods are known to be limiting in studies when conducting them over a “shorter” period. On the other hand, the mixed method is the most correct/best method for our research because it gives a more credible result. The problem here is to make a satisfying transition from the qualitative analysis to the design of the quantitative method in such a short period. Even though we are satisfied with the process, more time and work would benefit the design of the questionnaire. In addition, the choice of method could have impacted the generalization of our findings, as opposed to if we only went for a qualitative or quantitative approach.

## 8.4 Recommendations

With this thesis, we have explored how things are done in the start-up environment in Norway regarding core competencies, experience, and entrepreneurial motives. However, more research should be done on this topic, given that our thesis is a pioneering work towards understanding the core competencies. Therefore, we recommend further research on this topic, and these are our recommendations:

- A longitudinal study that aims to observe and test the competencies and capabilities of the entrepreneur.
- A more in-depth study and analysis aimed mainly at competencies.
- Explore the possibility of transferability to other countries' start-up environments.

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# 10. Appendix

## Appendix 1: Interview guide

### Framsida

### Intervjuguide

Tema:

- Team = Team
- Competencies = Comp.
- Capabilities = Capa.
- Experience = Exp.
- Success = Succ.
- Failure = Fail.
- Entrepreneurial Tools = Tools
- Motivation = Motiv.

Intro:

- Hva er din bakgrunn?
- Hva er din rolle i selskapet?
- Hvilken bransje?

Tema	Spørsmål	Svar	Notat/ Koding
Team	Hvordan er strukturen deres i selskapet?		
Team	Hvor viktig har teamet vært i utviklingsprosessen?		
Team	Hvem er de viktigste personene å ha i teamet?		
Comp.	Hva er de viktigste faktorene/kompetansene for å bygge opp en bedrift?		
Comp.	Hvilke kompetanser har vært essensielle å ha på teamet?		
Comp.	Har dere hatt kompetansene dere trengte i teamet eller har dere måttet lære dere nye kompetanser underveis?		
Comp.	Hva skulle du ønsket at du visste/ kunnet før du startet?		

Comp.	Bruker dere verktøy for å dele kunnskap/ opplæring?		
Capa.	Har dere hatt den finansielle evnen til å utvikle dere gjennom utviklingsprosessen?		
Capa.	Har dere brukt mye tid på å fokusere på å utvikle evnene gjennom utviklingsprosessen? Evt. Hvordan?		
Capa.	Hvordan håndterer dere forandring?		
Capa.	Hvordan jobber dere for å finne nye muligheter?		
Exp.	Har dere søkt støtte gjennom innovasjons insentiver?		
Exp.	Har dere brukt egen erfaring eller en form for oppstartsmanual når dere startet opp firmaet?		
Exp.	Er det noen metoder som har funka mindre bra/mot sin hensikt?		
Exp.	Har det vært essensielt og hatt erfaring innenfor det dere har drevet med eller har dere måttet lære alt på nytt?  Follow-up: Føler dere at faste rutiner/struktur ser forbi/går glipp av nye bedre arbeidsmetoder? Har erfaring innenfor ulike sektorer gitt dere et bedre grunnlag for innovasjon?		
Succ.	Hvilke av metodene har vært de mest suksessfulle?		
Succ.	Har dere mest suksess innenfor produktutvikling, salgstall eller ringvirkninger?		
Succ.	Hva har vært de viktigste suksessfaktorene for deres selskap?		
Succ.	Hvordan har dere jaktet/skaper suksess?		
Fail.	Hva er de største fallgruvene en kan gå i?		
Fail.	Hva er det dere har lyktes mindre bra med?		
Fail.	Hvordan har failure påvirket selskapet, og hvordan ser/responderer en videre?		
Fail.	Hva assosierer dere med feiling?		
Fail.	Har du følt noe til Janteloven? Eller at noen ikke unner dere suksess?		
Tools.	Hvilke verktøy/metoder har dere brukt til å forme bedriften?		
Tools.	Er det noen essensielle metoder som har vært særlig suksessfulle for dere?		

Tools.	Hvordan fant dere metodene dere har brukt? Er dette metoder som dere hadde bestemt dere å bruke på forhånd eller er det noe som har kommet underveis.		
Tools.	Har dere utviklet nye metoder i takt med utviklingen til firmaet?		
Motiv.	Hva er dine motiver for å starte egen bedrift?		
Motiv.	Hvor stor ser du for deg at bedriften din er om 10 år?		
Motiv.	Hva er det ultimate målet med bedriften?		
Motiv.	Hvor stort marked har du ambisjoner om?		
Motiv.	Hva er ditt ultimate mål?		
Motiv.	Har du mottatt dagpenger fra NAV under etableringen av bedriften?		
Motiv.	Har du noen gang mottatt annen støtte, under etablering av virksomheten?		

## Appendix 2: Response from the questionnaire

**Entrepreneurial competence:** This is looking at a particular group of essential competencies for a successful start-up company.

Q20: Which competencies do you see as the two most important? (Look at N)

Masteroppgave

### 20. Hvilke kompetanser ser du på som de to viktigste?

Spørsmål	Gjennomsnitt	N
Identifisere og definere en levedyktig markedsnisje	1,28	155
Utvikling av produkter eller tjenester som passer til firmaets valgte markedsnisje	1,55	95
Idè Utvikling	1,57	42
Konkurranse kartlegging	1,63	19
Gjenkjenne og visualisere hvordan man kan tjene på muligheter	1,59	75
Strategier for å utnytte mulighetene	1,60	121

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Q27: Which of these would you like to learn more about? (Look at N)

Masteroppgave

### 27. Hvilke av disse skulle du gjerne kunnet mer om?

Spørsmål	Gjennomsnitt	N
Identifisere og definere en levedyktig markedsnisje	1,39	44
Utvikling av produkter eller tjenester som passer til firmaets valgte markedsnisje	1,36	50
Idè Utvikling	1,63	24
Konkurranse kartlegging	1,32	73
Gjenkjenne og visualisere hvordan man kan tjene på muligheter	1,36	80
Strategier for å utnytte mulighetene	1,37	116

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**Management competence:** Competencies that are important for running a company. These are a bit more personal qualities that emerge during the daily operation.

Q34: Which three competencies do you see as the most important? (Look at N)

Masteroppgave

### 34. Hvilke tre kompetanser ser du på som de viktigste?

Spørsmål	Gjennomsnitt	N
Anskaffelse og utvikling av ressurser som kreves for å drive firmaet	1,75	158
Bedriftsoperative ferdigheter	1,94	52
Ledererfaring	1,95	19
Kjennskap til bransjen	1,91	76
Økonomi- og budsjett kunnskaper	2,25	51
Lederstil	1,89	28
Markedsførings ferdigheter	1,95	41
Evne til å implementere en strategi	2,19	121
Kjennskap til markedet	2,05	76
Målsettings ferdigheter	2,18	34
Lederegenskaper	1,82	90

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Q46: Which of these would you like to learn more about? (Look at N)

Masteroppgave

### 46. Hvilke av disse skulle du gjerne kunnet mer om?

Spørsmål	Gjennomsnitt	N
Anskaffelse og utvikling av ressurser som kreves for å drive firmaet	1,67	87
Bedriftsoperative ferdigheter	1,84	62
Ledererfaring	2,09	22
Kjennskap til bransjen	1,97	31
Økonomi- og budsjett kunnskaper	1,80	82
Lederstil	2,13	15
Markedsførings ferdigheter	1,63	92
Evne til å implementere en strategi	2,05	77
Kjennskap til markedet	1,91	43
Målsettings ferdigheter	2,29	51
Lederegenskaper	2,27	30

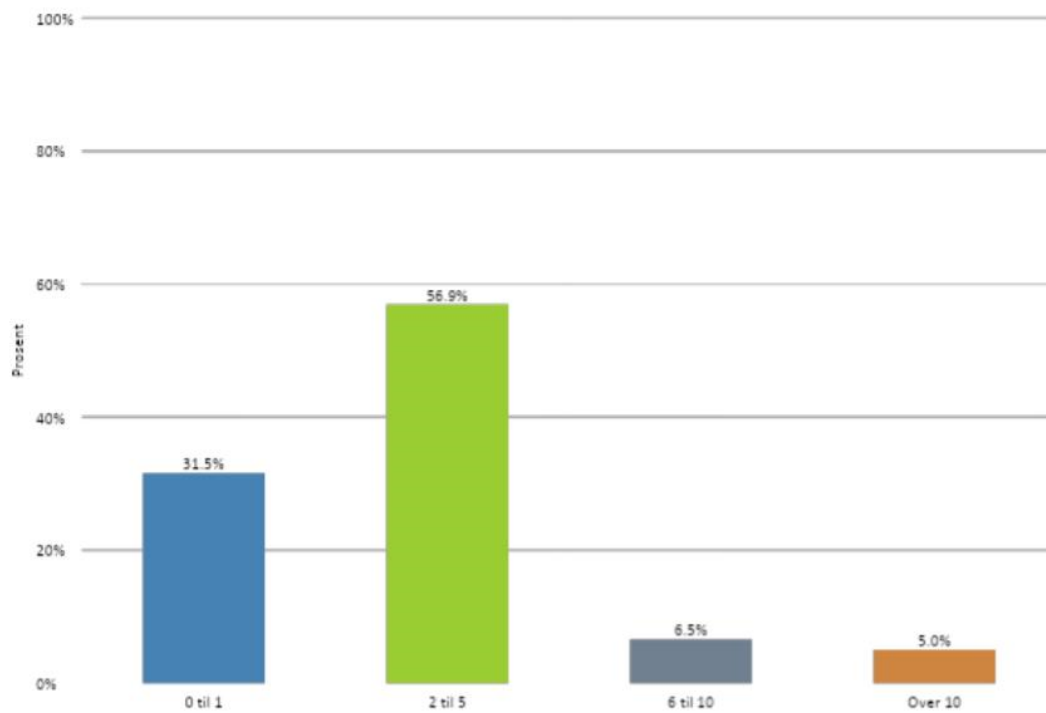
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## Q109: How many Start-ups have you participated in?

Masteroppgave

### 109. Hvor mange Start-ups har du bidratt i?



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Masteroppgave

### 109. Hvor mange Start-ups har du bidratt i?

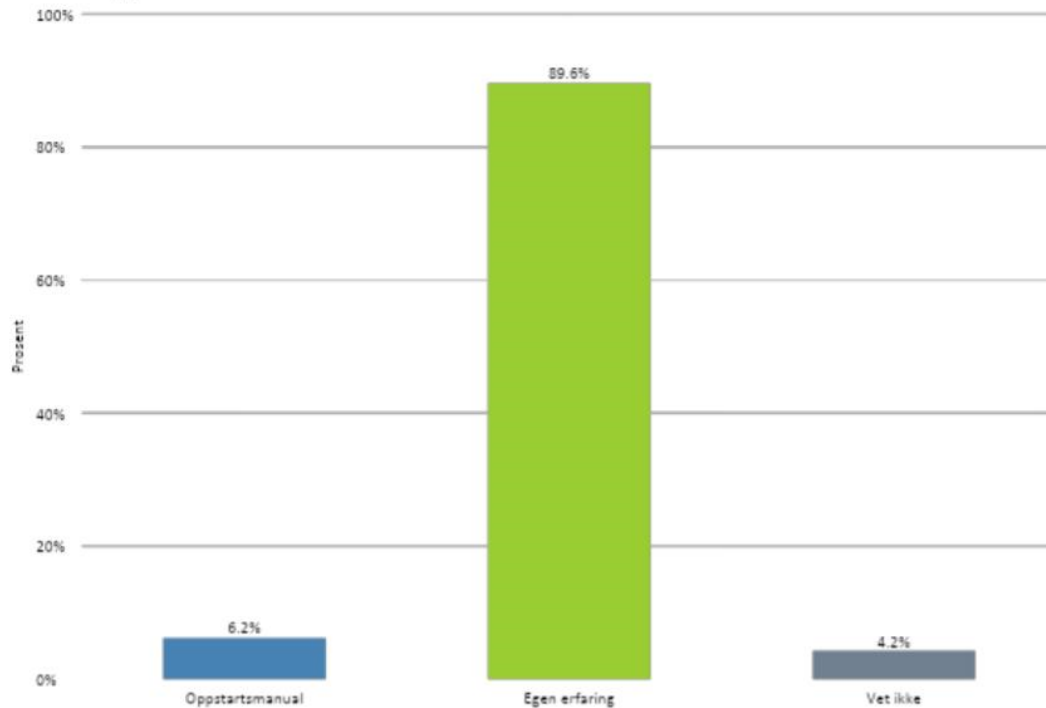
Navn	Prosent
0 til 1	31,5%
2 til 5	56,9%
6 til 10	6,5%
Over 10	5,0%
<b>N</b>	<b>260</b>

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Q110: Have you used your own experience or a kind of Start-up manual when you founded the company?

Masteroppgave

110. Har dere brukt egen erfaring eller en form for oppstartsmanual når dere startet opp firmaet?



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Masteroppgave

110. Har dere brukt egen erfaring eller en form for oppstartsmanual når dere startet opp firmaet?

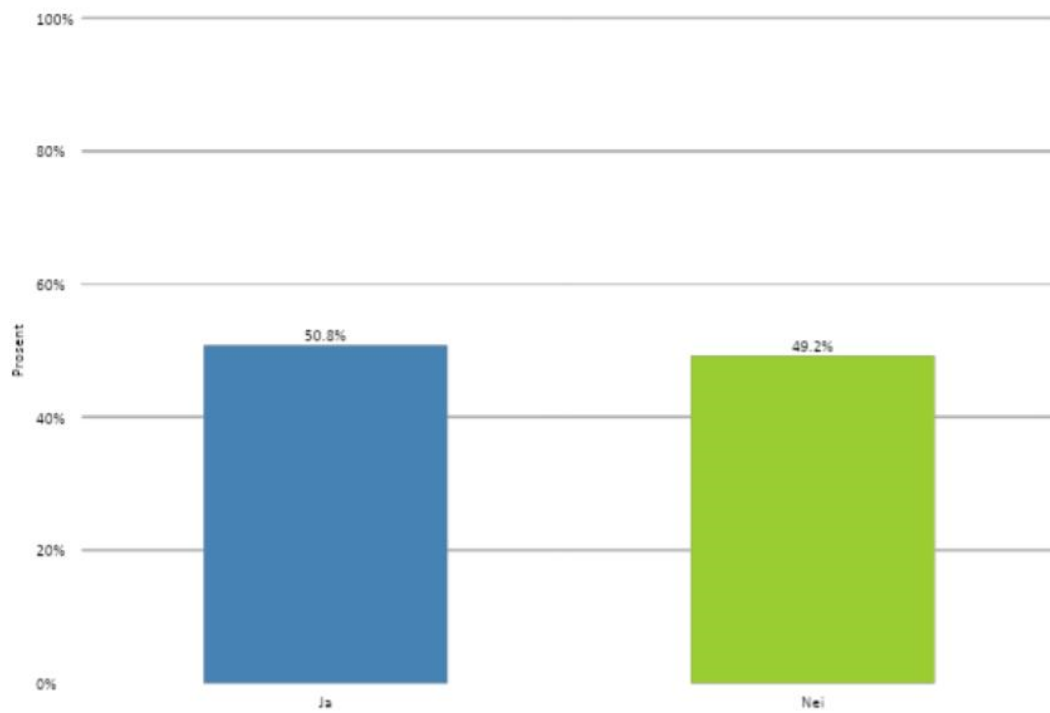
Navn	Prosent
Oppstartsmanual	6,2%
Egen erfaring	89,6%
Vet ikke	4,2%
<b>N</b>	<b>260</b>

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### Q113: Have you participated in an incubator or accelerator-program?

Masteroppgave

#### 113. Har dere vært med i en inkubator eller akselerator-program?



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Masteroppgave

#### 113. Har dere vært med i en inkubator eller akselerator-program?

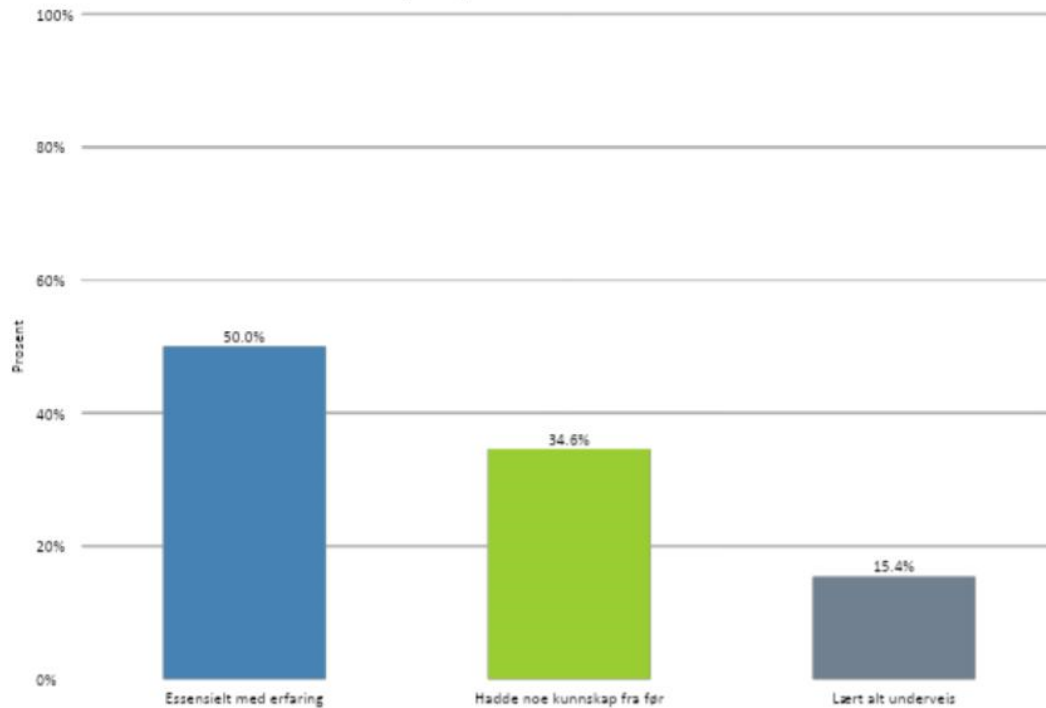
Navn	Prosent
Ja	50,8%
Nei	49,2%
<b>N</b>	<b>260</b>

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Q114: Has it been essential to have experience with what you do, or have you had to learn everything from scratch?

Masteroppgave

114. Har det vært essensielt å hatt erfaring innenfor det dere har drevet med eller har dere måttet lære alt på nytt?



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Masteroppgave

114. Har det vært essensielt å hatt erfaring innenfor det dere har drevet med eller har dere måttet lære alt på nytt?

Navn	Prosent
Essensielt med erfaring	50,0%
Hadde noe kunnskap fra før	34,6%
Lært alt underveis	15,4%
<b>N</b>	<b>260</b>

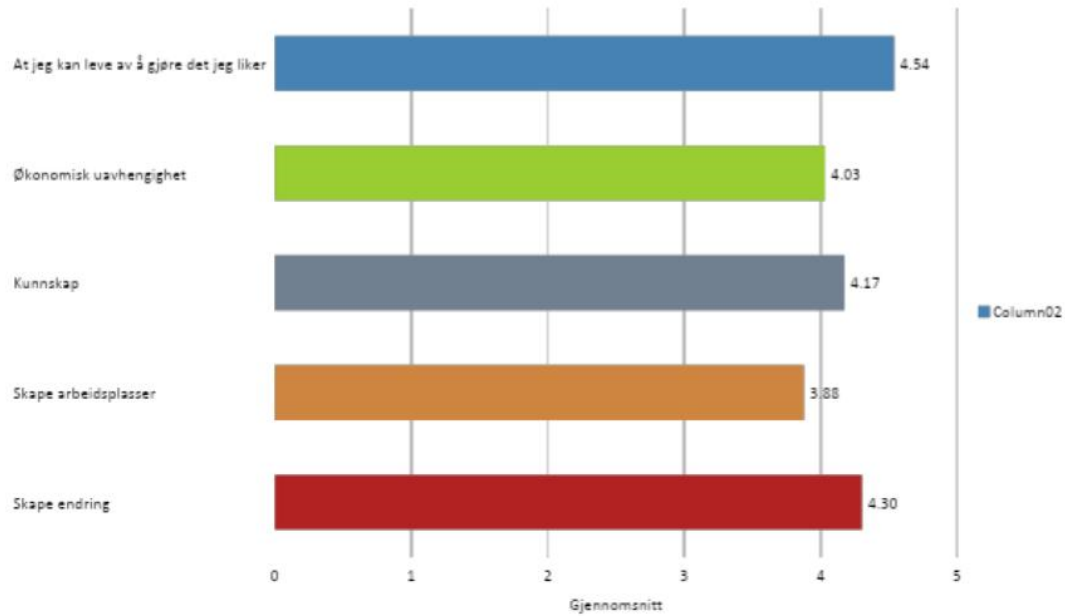
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## Q116: What is success for you? 1 is not important, and 5 are very important

Masteroppgave

Her ønsker vi å se litt på hvordan dere forholder dere til suksess og motgang.

### 116. Hva er suksess for deg? 1 er lite viktig, og 5 er svært viktig.



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Masteroppgave

### 116. Hva er suksess for deg? 1 er lite viktig, og 5 er svært viktig.

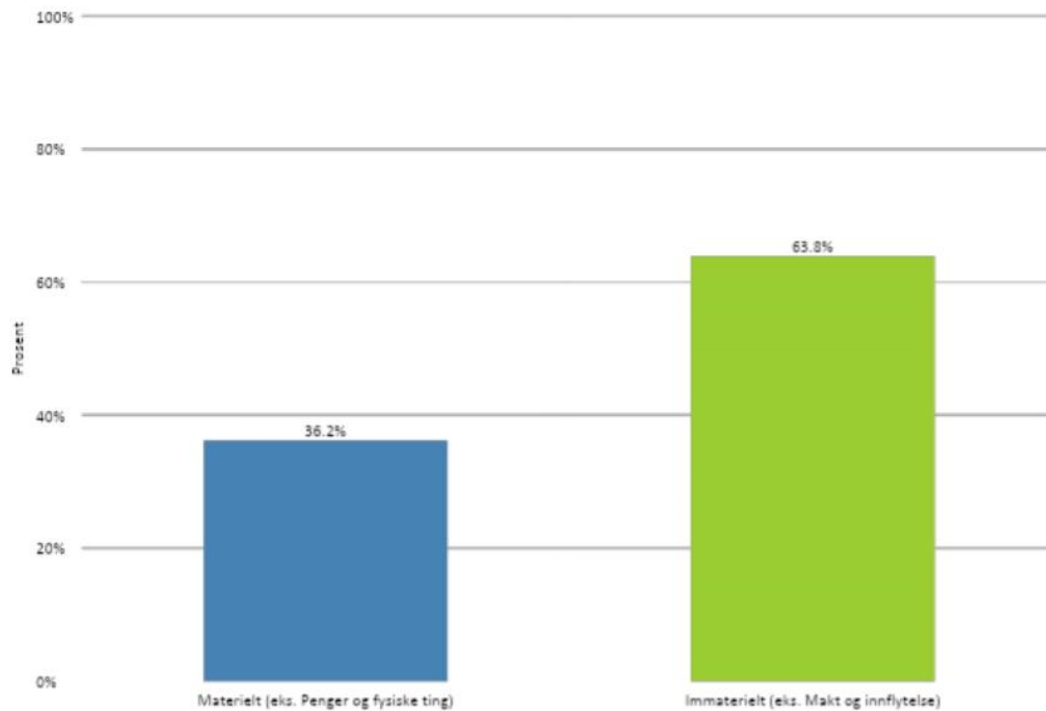
Spørsmål	Gjennomsnitt	N
At jeg kan leve av å gjøre det jeg liker	4,54	260
Økonomisk uavhengighet	4,03	260
Kunnskap	4,17	260
Skape arbeidsplasser	3,88	260
Skape endring	4,30	258

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Q122: Which of these options do you connect with success?

Masteroppgave

122. Hvilken av disse forbinder du mest med suksess?



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Masteroppgave

122. Hvilken av disse forbinder du mest med suksess?

Navn	Prosent
Materielt (eks. Penger og fysiske ting)	36,2%
Immaterielt (eks. Makt og innflytelse)	63,8%
<b>N</b>	<b>260</b>

2022 11:48

Q123: Which of these alternatives are the biggest pitfalls for an entrepreneur? (Look at N)

Masteroppgave

123. Hvilke av disse er de største fallgruvene gründere kan gå i?

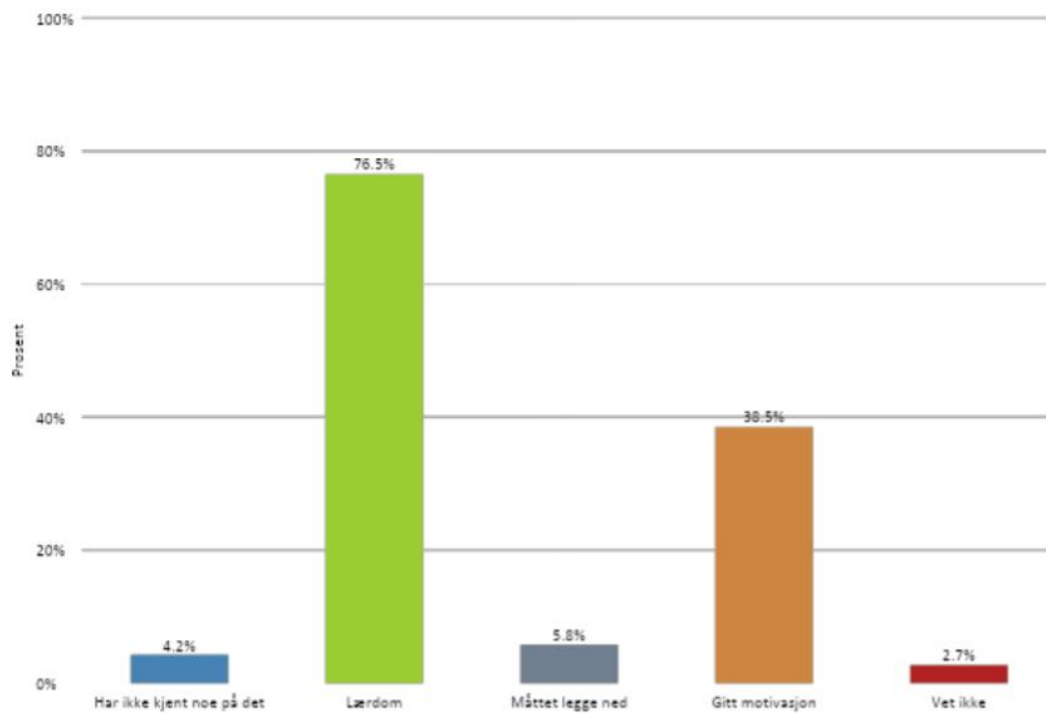
Spørsmål	Gjennomsnitt	N
Feilansettelse	1,80	127
Manglende markedskunnskap	1,82	135
Manglende bransjekunnskap	2,44	85
Manglende økonomisk forståelse	2,30	124
Passivitet	2,13	163
Stagnasjon	2,67	85

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## Q130: How has adversity affected your company?

Masteroppgave

### 130. Hvordan har motgang påvirket selskapet?



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Masteroppgave

### 130. Hvordan har motgang påvirket selskapet?

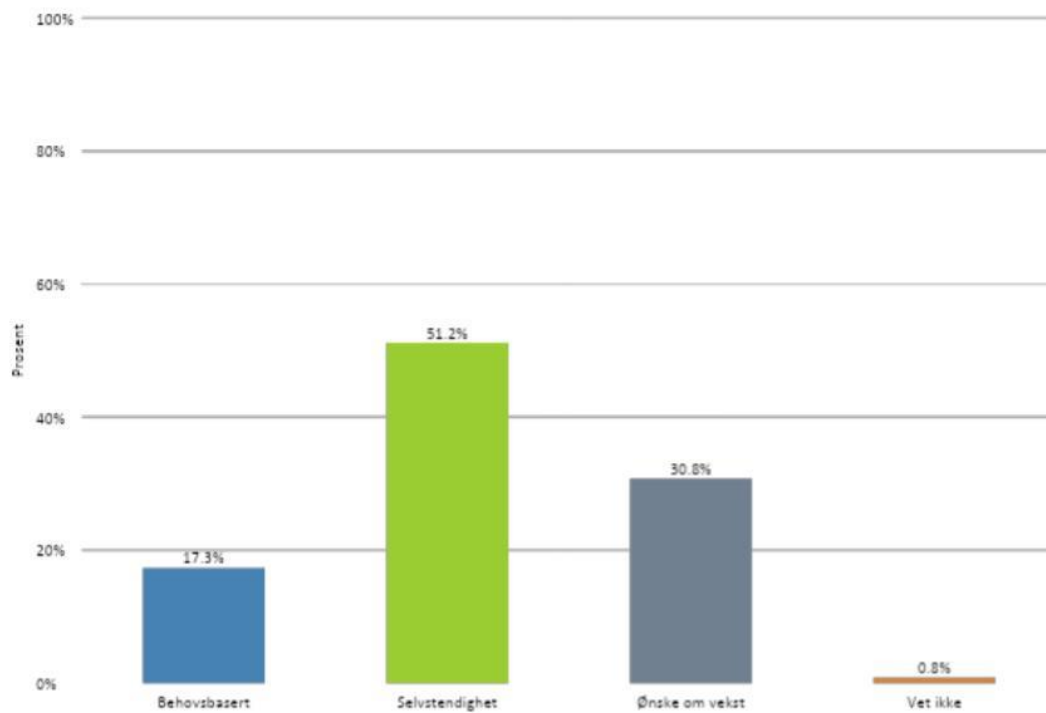
Navn	Prosent
Har ikke kjent noe på det	4,2%
Lærdom	76,5%
Måttet legge ned	5,8%
Gitt motivasjon	38,5%
Vet ikke	2,7%
<b>N</b>	<b>260</b>

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## Q132: What are your motives to start your own company?

Masteroppgave

### 132. Hva er dine motiver for å starte egen bedrift?



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Masteroppgave

### 132. Hva er dine motiver for å starte egen bedrift?

Navn	Prosent
Behovsbasert	17,3%
Selvstendighet	51,2%
Ønske om vekst	30,8%
Vet ikke	0,8%
<b>N</b>	<b>260</b>

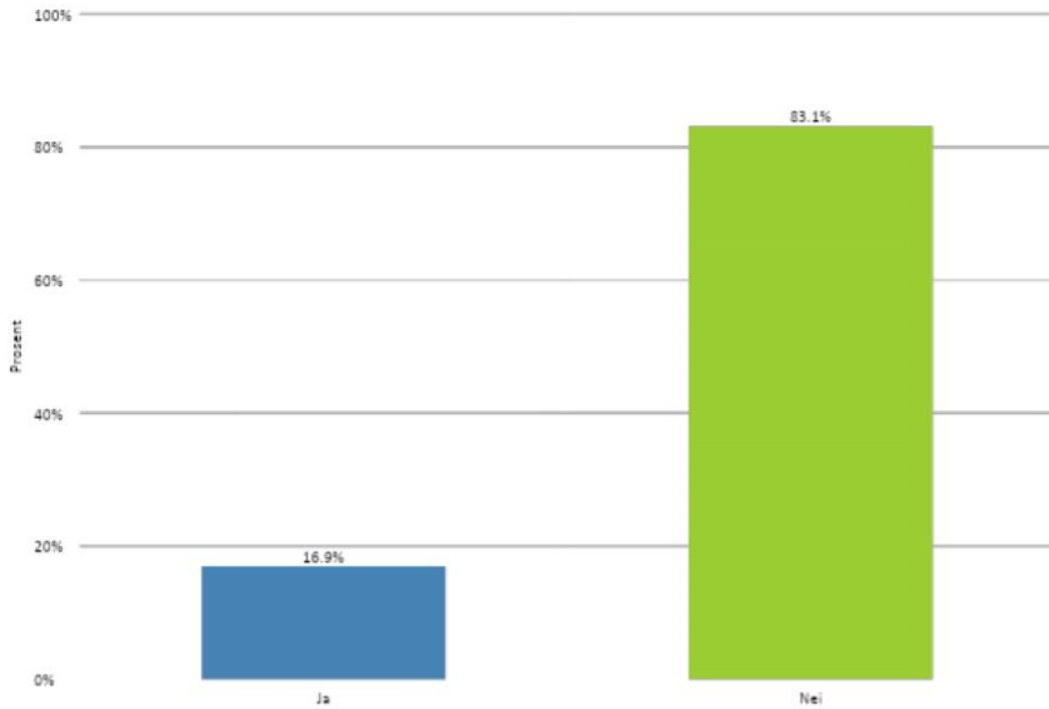
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Q136: Have you received day-money from NAV under the establishment of the company?

Masteroppgave

136. Har du mottatt dagpenger fra nav under etableringen av bedriften?



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Masteroppgave

136. Har du mottatt dagpenger fra nav under etableringen av bedriften?

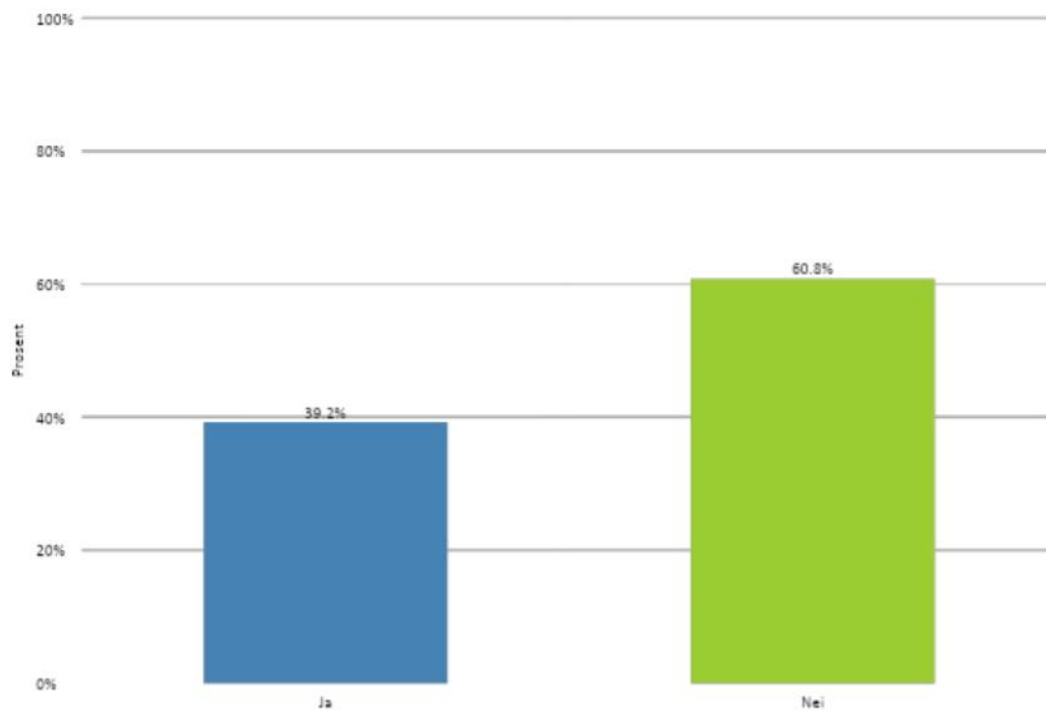
Navn	Prosent
Ja	16,9%
Nei	83,1%
<b>N</b>	<b>260</b>

022 11:48

Q137: Have you received any other support under the establishment of the company?

Masteroppgave

137. Har du noen gang mottatt annen støtte, under etablering av virksomheten?



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Masteroppgave

137. Har du noen gang mottatt annen støtte, under etablering av virksomheten?

Navn	Prosent
Ja	39,2%
Nei	60,8%
<b>N</b>	<b>260</b>

11:48